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FINANCIAL TIMES

No. 26,721

Friday July 18 1975

**10p

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NEWS SUMMARY

GENERAL
Space link-up: 'A good show'
Welcome signs and traditional borscht soup awaited the Apollo astronauts aboard the Russian Soyuz spacecraft after their successful link-up and handshake in space over Europe last night.

Displaying his command of idiomatic English, Soyuz commander Alexei Leonov told Tom Stafford after the flawless docking: "Well done, Tom. It was a good show."

The two capsules came together with unerring accuracy after their two-day space chase. Shortly afterwards, there was some alarm as the Apollo crew reported a strong smell of burning, but this quickly dissipated and there was no danger.

The crews were greeted later by President Ford and Mr. Brezhnev, Page 21.

Four soldiers die in Ulster
Four British soldiers died in a Provo booby trap bomb explosion in South Armagh yesterday and the incident, coupled with earlier shooting attacks on troops in Belfast, raised the question whether the Ulster ceasefire is not now merely a state of limited hostilities.

The dead men had been investigating a milk churn left by the roadside. There are signs that Ulster is talking itself into war again, with widespread predictions of large-scale violence before the year's end. Page 8.

Death crash on old folks' outing
A woman died and 24 people were taken to hospital after two coaches carrying pensioners on an outing were in collision with a road tanker and a car on the M2 near Faversham, Kent. The accident brought to 50 the number of people killed in Britain in coach crashes in just over six weeks.

In another coach accident near Bristol yesterday, 14 elderly people were taken to hospital after a collision with an articulated lorry.

Israel plays it cool
As Egyptians slaughtered calves at the feet of visiting King Khalid, the Saudi Arabian monarch's impending talks with President Sadat took on new urgency in the light of Egypt's decision not to extend the mandate of the UN buffer troops in Sinai. Syrian and Palestinian forces have been put on alert, informed sources say, but there is little sign of reaction in Israel. Page 5.

MP home to-day
Mrs. Barbara Stonehouse, wife of runaway MP John Stonehouse, will not meet him when he arrives at London airport to-day under police escort. "It will be chaos there when he lands," she predicted. Page 2.

People, places
Labour MP Mrs. Maureen Colquhoun (Northants N.) said yesterday she would turn down her £24 a week pay rise.

Oil-rich Gulf States bought almost half the 89bn. increased U.S. arms sales of the past year. Page 4.

Tax cockpit atmosphere in which pilots of a landing DC-9 talked about liberties and used cars, contributed to the plane's crash in North Carolina last year, causing 72 deaths, official inquiry found.

Thunderstorms, bringing flooding in their wake, broke the sultry spell over many parts of Britain last night. Lancashire and Yorkshire were most affected initially.

All Dominic Wigan's starred selections won yesterday: Soldier Race, 5-1; Trampers, 65-40; Orchi, 4-1. Racing, Page 3.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

Aluminium	232	-12
Asphalt	232	-10
Bitumen	232	-10
Coal	232	-10
Copper	232	-10
Gold	232	-10
Iron	232	-10
Lead	232	-10
Nickel	232	-10
Platinum	232	-10
Silver	232	-10
Steel	232	-10
Tin	232	-10
Zinc	232	-10

Portuguese crisis deepens as fourth coalition falls

BY JANE BERGEROL: LISBON, July 17

The fall of Portugal's fourth coalition Government, following the Popular Democratic Party's decision early this morning to resign, has brought Portugal nearer to the brink of total revolution than it has ever been since the April 25 officers' coup 16 months ago.

The Popular Democrats said AFM had decided to govern without the consent of the two major parties, Socialists and Popular Democrats, and in tandem with independent and frankly Communist-sympathising technocrats.

The only group which continues to have the ear of a majority of armed forces officers and possesses a formulated long-term policy, however, is the extreme non-Communist Left. Where the Communist Party has earned the odium of many officers, the extreme Left attracts them, as was manifestly evident in the "direct democracy" plan published last week.

Whoever the formulated nature of the extreme Left's means of introducing dictatorship of the proletariat, they know how to apply pressure and have consistently gained ground since April 25 revolution. Moreover, the current climate of anarchy and complete lack of authority or clearheadedness within the AFM undoubtedly works to its advantage.

Last night's demonstration for

New 'tap' issue almost sold out

BY MARGARET REID

THE CURRENT strength of the gilt-edged market was vividly highlighted yesterday when the latest offer of Government stock — £750m. of 13½ per cent Treasury Loan 1997 at 99½ — proved a near-sell out, attracting between £650m. and £700m.

So nearly was the issue fully subscribed by investors that it will not be operated as a "tap stock" in the normal way, under which supplies of stock still in official hands are usually on sale subsequently through the Government Broker.

It is very rare for a new gilt-edged stock to be so nearly absorbed by the public when it is offered that too little remains for it to be used as a "tap." The only known precedents are £100m. of a three-year stock in 1963 and a similar amount of a five-year stock in 1968, both of which were over-subscribed.

NUM leaders give support to £6 limit

BY ROY ROGERS, LABOUR CORRESPONDENT

MINERS' LEADERS yesterday gave the Government's anti-inflation pay policy its biggest boost so far when they came out in favour of the £5 a week limit on pay settlements set out in the White Paper published last week.

In a major tactical victory for National Union of Mineworkers' moderates, the union's executive decided to ballot members who will be recommended to support the policy. Their anticipated approval should mean an extra 260,000 votes backing the White Paper at the TUC annual conference in September.

This filip for the Government coincided with further support from leaders of 173,000 members of the National Union of Railwaymen who, at their annual conference in Jersey, agreed to settle their next year's pay claim with the £6 ceiling.

Inflation

The market's present hunger for high-grade, fixed-interest stock was further underlined yesterday when applications for £387m. were made for Derby Borough Council's offer of £7m. 13½ per cent stock 1982 at 98½.

In their recent enthusiasm to purchase Gilts, buyers have been setting on their feeling that fixed-interest money investments have been made more attractive by the recent anti-inflationary measures aimed at better preserving the value of money and so of their loans to the Government.

Since the Government's pay curbs measures, aimed at cutting the inflation rate to 10 per cent by next summer, were foreshadowed at the beginning of July, gilt-edged stock prices have risen by almost 6 per cent on average. They now stand 2½ per cent above their all-time low on January 3 this year, since when interest rates have fallen considerably.

These rises have taken place despite the fact that some £4,750m. of new Government stock has been issued this year.

Since applications for the new Treasury stock had to be accompanied by payment in full, and as applications for the Derby stock had to be 10 per cent paid, very large sums of cash, probably exceeding £700m., were put up for the two offers yesterday. This much affected the money market's cash flows.

Lex, Back Page

Underlined

The 25-man NUM executive yesterday underlined their acceptance of the policy by agreeing £5 a week increases for the union's 65 national and area officials—including all but two of the executive members—who had been seeking 22½ per cent.

So as to keep officials in line with the £16 a week increase won by National Coal Board staff in the wake of the miners' 30 per cent settlement earlier this year.

This gesture, carried at the union's finance committee on Wednesday this week on the casting vote of NUM president Mr. Joe Cornley, was part of the moderates' pay strategy and was pushed through the executive yesterday before the crucial debate on the Government's White Paper.

In what was described by all factions as one of the best NUM executive debates ever, with con-

France will try for new Paris talks on energy

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

THE EEC summit to-day gave President's view was that five countries should be invited (the U.S., Japan, Germany, France and the U.K.), but the Netherlands and Belgium at least would insist that the European Community should be represented as a unit.

No major policy decisions were taken during the two-day meeting which ended this afternoon, but the heads of government issued a statement expressing their willingness to consider the economic and financial aid for Portugal, provided the country was run as a "pluralist democracy."

The summit reaffirmed its faith in the UN, which was described as a "universal and indispensable instrument of worldwide dialogue and co-operation."

The UN statement was given added importance in light of present moves by the Arab countries to expel Israel from the General Assembly.

Mr. Wilson told a Press conference that the feeling in the Community was "very robust against expulsion of any country."

The French proposal for restarting the energy dialogue would involve reconvening the preparatory session in Paris in September, before the meeting of the Organisation of Petroleum

£ in New York

	July 16	Previous
1 month	\$2,150-1750	\$2,180-1800
3 months	0.55-0.56	0.55-0.56
6 months	1.18-1.19	1.18-1.19
12 months	1.70-1.71	1.70-1.71

Shock defeat for Government

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE OPPOSITION last night inflicted a shock defeat on the Government in the Commons to get VAT cut from 25 per cent on all television rental agreements in existence on Budget Day.

The defeat, hailed jubilantly by Tory MPs, will cost the Government about £90m. in the first full year, benefiting about 10m. people when the change takes effect on August 1.

For the Opposition, it was a major triumph on the last night of debate in the Commons on the Finance Bill, which is now due to go to the Lords, where no further amendment can be made.

As the division figures were announced, showing that the Opposition had defeated the Government by two votes (106-104) Tory MPs called on the Government to state its intentions.

It was clear that Liberals had supported the Tories and about half a dozen Labour MPs, in sympathy with the amendment, abstained.

Mr. Joel Barnett, Treasury Chief Secretary, angrily condemned the "hypocrisy of the Opposition which talks about the need to reduce the public-sector borrowing requirement and is then prepared to increase it by up to £100m. a year."

But Mr. John Nott, for the Opposition, denied Mr. Barnett's criticisms. If the Government had adopted the Tory policy of a uniform 10 per cent single rate of VAT, more revenue would have flowed to the Treasury than would be gained from the multi-rate approach adopted by the introduction of a further 25 per cent rate in the April Budget, Mr. Nott claimed.

The Government acceptance of the situation brought about by the

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12 LOMBARD

Oil—the depletion rate issue

BY C. GORDON TETHER

THERE IS doubtless a substantial wishful-thinking element in the increasingly fashionable prediction that world economic expansion will soon be getting under way again on such a wide front that much of the industrial world may well be clocking up growth rates of the order of 3 to 5 per cent. per annum by the second half of next year.

What is, however, quite certain is that, even if this only begins to happen, we must expect to see battle being joined before long on the unresolved question of what reserves depletion rates oil-producing countries should be prepared to tolerate to fuel the recovery. And as a country that will soon be capable of producing more oil than it needs for its own purposes, Britain will be in the thick of it—so much so that it is not too early to start asking what attitude she can most appropriately take.

It is now evident that the drive to reduce dependence on the traditional oil-producing countries for energy supplies, which everyone got so excited about immediately after the OPEC cartel first made itself felt in a big way, is going to take much longer to get off the ground than was at first expected.

In particular, it is now admitted that Washington's plan to make the U.S. self-sufficient in energy by 1985 making such heavy weather that the resumption of U.S. economic growth will initially produce a further major upsurge in the country's need for imported fuel.

An obligation

At the moment, the general slow-down in economic activity throughout the world is tending to result in the production of oil outstripping the demand. So the conservation issue has temporarily dropped out of the picture. But any appreciable rise in the international economic temperature could quickly reverse that situation.

Both Dr. Kissinger and President Ford have repeatedly stressed that the U.S. sees the oil-producing countries as under an obligation to ensure that oil is made available for fuelling world economic activity — frequently hinting moreover, that Washington would take a very serious view of any move to interrupt the flow. And in the sense that America and other consuming countries could hardly be expected to allow their economies to be run into the ground by the severing of fuel life-lines on which they have come to rely, they clearly have right on their side.

Yet that is far from being the

end of the matter. The producing countries have their rights too. And one to which some of them have been trying to direct the consuming countries' attention during the past year or two concerns the pace at which their stocks are to be run down to meet the rest of the world's convenience.

In recent years the depletion rate for the OPEC countries as a whole is estimated to have been running close to 4 per cent. Which means that they could be out of business in a matter of 20 to 30 years—sooner than this indeed if the industrialised world enters another fast expansion phase. Would it be reasonable to expect them to go along with that?

In a recent address on "Inflation and Social Justice," Dr. F. Schumacher of "Small is Beautiful" fame insisted that it would be anything but reasonable. He argued that to avert a major and potentially disastrous show-down on this issue, arrangements should be made to define the "maximum rate of obligatory output of oil."

As to figures, he proposed that each OPEC country should be required to sell in any one year up to 2 per cent. of its proven reserves—as ascertained at the beginning of each year—but never required to sell more than that.

The matter is obviously worth thinking about. And not least, as I said at the start, in Britain. For present indications are that it may well be possible to raise the output of the North Sea beyond the level needed to satisfy our own requirements. And we may well have to choose, therefore, between doing that and the alternative policy of conserving these resources so that they last that much longer.

Sacrifice

Naturally, working to a reduced depletion rate may mean having to accept a slower tempo of economic advancement in the affluent world. But that is not an unduly large sacrifice to ask it to make. And, as Dr. Schumacher pointed out, could in any case be very much in its own interest seeing that it may be essential for consumers to continue using oil at the present rate without knowing whether satisfactory alternatives are going to be available when it runs out.

There is the further point that it is hardly fair to ask the oil producers to maintain output far beyond the levels needed to pay for their imports when the proceeds of the excess are having to be held in fast-depreciating Western currencies.

RACING CONGRESSION BY ANTHONY WIGAN

Why Dove may fly past Solar

WITH THE NEWS that the great French filly Allez France may not now be in the King George VI and Queen Elizabeth Diamond line-up after all, owing to what reportedly is a mild stomach upset, bookmakers have been quick to alter their odds on the £100,000 Ascot race.

Grundy, who has always been a clear market leader, hardened in most books to 4-5 yesterday; while Busto is generally offered at 9-2. Dabla, bidding for hat-trick in the race after fluent victories over Rheingold (1973) and Highclere, last year, is available at 8-1—a price which seems certain to contract if Allez France, whom she has never beaten, does not make the trip.

Lesser Pigeon, too, made yesterday that he will definitely be aboard Dabla, with whom he has had such a successful association since he finished in the ruck behind her when partnering Roberto in the 1973 King George.

Turning to today's busy programme, which is made up of two afternoon cards (Newbury and Liverpool) and two evening fixtures (Newmarket and Hamilton), the most interesting race, to my mind, is the Berkshire course's St. Catherine's stakes

(4.00)—an event usually won by smart juveniles. Here the two who interest me most are Solar and Dove.

Solar, a well-made half-sister

NEWBURY
2.00—Amor***
2.30—Index
3.00—Jeanie Duff
3.30—Rev Counter
4.00—Dove**
4.30—Rosetti

LIVERPOOL
2.15—Celtic Sea
3.15—Ruhdyar
4.45—Mrs. Child

NEWMARKET
7.00—School Bell
8.00—Dred Scott*
8.30—London Glory
9.00—Skimmer

HAMILTON
7.25—Whiffy
7.50—Mother Brown
8.30—Idle Dice

to Walk By, has already won here, having easily disposed of 16 opponents in the five furlongs Isley Maiden Stakes just over a month ago. Taking over a furlong out in that event Geoff Baxter's mount had only to be pushed out

with hands and heels to defeat the heavily backed favourite, Light Link, by four lengths, with Feux Rouges another three-quarters of a length away in third place.

On her only appearance since that impressive victory, Bill Wightman's filly again ran well, keeping on determinedly in the Champagne Stakes at Salisbury on June 26 to take second place at two lengths, behind Thieving Demon, whom Richard Hannon considers to be possibly the fastest juvenile he has trained.

Dove, another attractive filly, by Sea Hawk II out of Righteous Girl, opened her account at the second attempt, when comfortably landing the Rectory Stakes at Lingfield three weeks ago. That outing seems sure to have brought on Dove—who seemed considerably more backward than most of her rivals—a good deal, and I take her to just get the better of Solar.

Two other possible winners for Dove trainer and jockey, Henry Candy and Philip Waldron, are Amy and Index, who respectively go for the Aldbourne Stakes (2.00) and the Echinuswell Maiden Stakes half an hour later.

SALEROOM BY ANTHONY THORNCROFT

Concertina forte: violin muted

SOOTHEBY'S achieved what is probably a saleroom record price for a concertina yesterday when £200 was paid for an instrument made in London in 1830. It was part of a musical instrument sale which totalled £96,591.

Prices were generally on target, but there was a disappointment when a violin made by Antonius and Hieronymus Amel at Cremona around 1825—failed to sell and was bought in at £11,000. It is known as the "Ex Milanolo" since it belonged to Maria Milanolo, an Italian violinist who came to 1845 at the age of 18, after playing throughout Europe for 10 years.

A violin made at Cremona in 1894 by Bugeri was bought for £11,000, and another Italian violin, by Goffriller of Venice in 1708, fetched £8,400. A violin by Vuillaume of Paris in 1886 sold for £4,800 and a Gagliano of Naples violin of 1725 made £4,500. A violin, made in Turin in 1831, by Pressenda, was bought for £4,200.

In other sales at Sotheby's £800 was paid for a Stuart tapering mug in pewter, from the reign of William III, and in a silver sale a Queen Anne

tankard of 1713 made £700. At Sotheby's Parke Bernet in Los Angeles the Gloria Polk Art Collection of the Immaculate Heart College, Los Angeles, was disposed of for £73,972. The top price was the £1,590 given for a German coin operated upright mahogany disc polyphon of the 19th century. A French "jack in the box" of the same period sold for £908.

There were few surprises at Christie's, which sold arms and armour for £54,287 and English furniture for £78,148. Perhaps of most interest is a comparative price in 1972. Christie's sold a pair of Foray's pocket pistols, made around 1821, for £1,260. Yesterday the same pistols sold for £2,310, a very fair rise.

Sporting gun

The highest price was the £2,340 given by Jenkinson for an early 17th century German wheel-lock sporting gun. A late 17th century Italian flintlock breech-loading repeating gun, probably made by Berse, fetched £2,520. A 19th century flanged made of around 1850, sold for £1,785, the same price as a pair of French early 19th century pistols, made for the Turkish market.

Among the furniture, a pair of George II gilded side tables went to Partridge for £2,520, and a pair of early George II library armchairs, were bought for £2,310. A Carlton House desk realised £1,595 and a Queen Anne walnut bureau £1,322.

Spencers of Reford continued its sale of the contents of Denton Park, Yorkshire, amassing a total of £211,155 for the two days, which ensures that after today's completion a new record for a country house sale by Spencers will have been established. The best prices were £7,000 each for a Kashmir rug, and for a pair of French 19th century commodes, reputed to have belonged to the House of Teck. Three English gothic panels sold for £5,600.

Although the 1974-75 saleroom season is almost over, Christie's is holding an interesting Victorian week starting on Monday. The highlights are two paintings by Tissot, as well as some "photogenic drawings"—images obtained by the direct action of light and produced in 1839-37. The pictures are of leaves and grasses. The technique was used by Fox Talbot, and these are the first examples on the market for ten years.

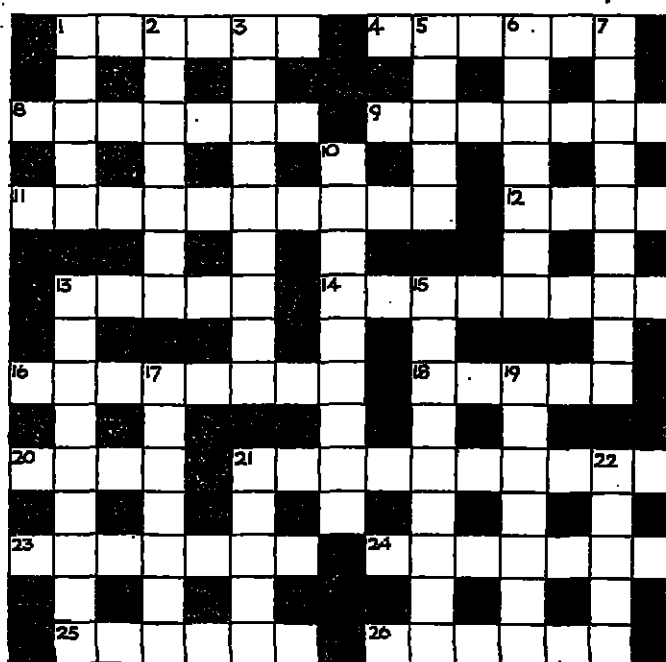
TV/Radio

† Indicates programme in black and white.

BBC 1

12.35 p.m. Cynfas. 1.25 News. 1.30 Along the River. 1.45 Show Jumping from Hickstead. 4.25 Regional News (except London). 4.25 Play School. 4.50 Devlin. 5.10 We Are the Champions 1975. 5.40 Sir Prancelot. 5.45 News. 6.00 Nationwide. 6.50 The Disney Adventure. 8.30 The Other Broadway: Dionne Warwick and Frank Gorshin. 9.00 News. 9.25 "Saboteur," starring Robert Cummings.

F.T. CROSSWORD PUZZLE No. 2,832



- ACROSS
- Band boy engages (4, 2)
 - Begone to a boast (6)
 - Can't go another way to get connected (7)
 - Trust a harvester (7)
 - Goodness with refreshment is just what I like (2, 3, 3, 3)
 - A recent start to church wait (4)
 - Article about an altered battlefield (5)
 - A lot of dollars is being wagged by relative (5)
 - Hooves re-arranged to provide foot protection (8)
 - Complaint sent to parent by afterthought (5)
 - An peculiar plant (4)
 - Cycoon lording it over Fleet Street (5, 3)
 - Dropping sound makes mine an Irishman (3-1-3)
 - Meeting record established in quick time (7)
 - Understand how to draw together (6)
 - Take exception to being posted once more (6)
- DOWN
- Hard way to ring New York (5)
 - A lot on river adopt this hair style (7)
 - Header who is never home idle (6)
 - Shakespearean character on the fiddle (5)
 - Rate promoted with railways' assistance (7)
 - 10 across with notes sticking to it (9)
 - Surprised it's arranged in orderly time or space sequence (9)
 - Referring to notice in Gateshead (9)
 - Permitted a daughter to attach letter (9)
 - Run into section of fortification (7)
 - First person to take a certain step (7)
 - Chatter with party leader over value (5)
 - Ought green to be open? (5)
- SOLUTION TO PUZZLE No. 2,831
- ACROSS
1. BAND BOY
 2. BOAST
 3. CONNECTED
 4. TRUST
 5. GOODNESS
 6. WAIT
 7. BATTLEFIELD
 8. WAGGED
 9. PROTECTION
 10. COMPLAINT
 11. PECULIAR
 12. CYCOON
 13. IRISHMAN
 14. RECORD
 15. UNDERSTAND
 16. TOGETHER
- DOWN
1. HARD
 2. HAIR
 3. HOME
 4. FIDDLE
 5. ASSISTANCE
 6. STICKING
 7. ORDERLY
 8. SEQUENCE
 9. GATESHEAD
 10. ATTACH
 11. FORTIFICATION
 12. CERTAIN
 13. STEP
 14. CHATTER
 15. VALUE
 16. OPEN

BBC 2

11.10 Apollo/Soyuz. 11.50 Regional News. All Regions as BBC 1 except at the following times:— Wales—1.45-2.15 p.m. Bowls: Wales v. Ireland. 6.00-6.50 Wales Today. 6.50-7.10 Heddidi. 7.10-7.30 Bowls: Wales v. Scotland. 7.50-8.30 Question of Sport. Scotland—10.00-10.10 a.m. Wacky Races. 10.10-10.35 Bewitched. 10.35-11.00 Vision On. 6.00-6.50 p.m. Sporting Scotland. 11.15 Scottish News Summary. Northern Ireland—4.25-4.35 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 11.50 Northern Ireland News. England—6.00-6.50 p.m. 11.00 North (from Leeds, Manchester, Newcastle), Midlands To-day (from Birmingham), South (from Norwich), Points West (from Bristol), South To-day (from Southampton), Spotlight South-West (from Plymouth).

LONDON

11.10 a.m. Bertrand Russell Speaks His Mind. 1.25-1.30 Theatrical. 1.45-1.50 Theatrical. 1.55-2.00 Theatrical. 2.05-2.10 Theatrical. 2.15-2.20 Theatrical. 2.25-2.30 Theatrical. 2.35-2.40 Theatrical. 2.45-2.50 Theatrical. 2.55-3.00 Theatrical. 3.05-3.10 Theatrical. 3.15-3.20 Theatrical. 3.25-3.30 Theatrical. 3.35-3.40 Theatrical. 3.45-3.50 Theatrical. 3.55-4.00 Theatrical. 4.05-4.10 Theatrical. 4.15-4.20 Theatrical. 4.25-4.30 Theatrical. 4.35-4.40 Theatrical. 4.45-4.50 Theatrical. 4.55-5.00 Theatrical. 5.05-5.10 Theatrical. 5.15-5.20 Theatrical. 5.25-5.30 Theatrical. 5.35-5.40 Theatrical. 5.45-5.50 Theatrical. 5.55-6.00 Theatrical. 6.05-6.10 Theatrical. 6.15-6.20 Theatrical. 6.25-6.30 Theatrical. 6.35-6.40 Theatrical. 6.45-6.50 Theatrical. 6.55-7.00 Theatrical. 7.05-7.10 Theatrical. 7.15-7.20 Theatrical. 7.25-7.30 Theatrical. 7.35-7.40 Theatrical. 7.45-7.50 Theatrical. 7.55-8.00 Theatrical. 8.05-8.10 Theatrical. 8.15-8.20 Theatrical. 8.25-8.30 Theatrical. 8.35-8.40 Theatrical. 8.45-8.50 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Royal College of Music

Albert Herring

Paris Opéra

Ariane et Barbe-bleue

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DA CRUISE IN AZNAR LUXURY

Cinema

Royal flavour

by NIGEL ANDREWS

Wilson, Edward Heath and the Archbishop of Canterbury before

Steven Warner as 'The Little Prince'

The Wilby Conspiracy

There is nothing like cashing in on an audience's ready-made imagination like giving your film some extra fuel. You make the villains nasty enough — and Williamson's speciality is to dangle electric chair driers over occupied bath-tubs — the audience feels justified in condoning an atrocity committed by the hero in the name of the result is a free-for-all in which escalating violence takes the place of any lucid development of plot, and the only points of interest left are when, where and by what gory means the addies will get their comeuppance in its favour. The Wilby Con-

Nor does the casting help. Richard Kiley as the pilot is bland, competent and colourless, while the Little Prince himself, that visitor from another planet who appears beside our aviator hero when he is stranded in the middle of the Sahara Desert—and shares with him the secrets of wisdom he has learned from his encounters with beings on

Doc Savage—The Man of Bronze is another '70s movie to contribute to one of the hottest comic heroes of the 1930s. As incarnated by blond, clean-limbed Ron Ely, our eponymous hero emerges as a kind of cross between Superman and Tarzan; combining the semi-magical powers of the former with the physique that looks as if it was honed by years of swinging on jungle creepers. How Doc Savage ever strayed into the tepid adventure provided here for his first feature film is a mystery: he was a hard sale. He may—and mayhem set in a studio jungle somewhere in South America. The last sequence of the film sets the stage for a sequel; but it will have to be much better than this to spark any interest in the idea of Doc Savage adventures as a continuing series.

Royal Court

What The Butler Saw

by MICHAEL COVENEY

The rampaging farcical developments, persistently linked in an unstoppable chain, stem from the hilariously efforts of Prentice to conceal a naked girl who has applied for a secretarial job. She stooges, unwillingly, as a patient in the private clinic as Mrs. Prentice relates her adventure in the linen cupboard with a page boy at the Station Hotel. Her fur coat covers only fresh marks on the knickerbockers. The page himself is the victim of a behaviour indecently with an fan of schoolgirls and in no time at all Sergeant Match is tramping blithely through the door with a report of how an unsuccessful search for the private parties of a stone effigy of Sir Winston

Piccadilly

Clarence Darrow

but there is rather more to the evening than that. As the tall, dark, slender figure of the man, dressed in his usual business suit, through his initial barely seeming to raise his voice above a quiet even drawl, sat at waistband or pointing an admonitory finger, we painlessly learn a great amount about the conditions, police practice, civil administration and related matters in the Chicago and Los Angeles of the late 19th century.

The text has been skillfully sifted off the bones of Irving Stone's book on Darrow by David W. Rintels to cover the whole span of the great lawyer's career and to handle it thoughtfully and in a mood that is entirely in tranquillity. He establishes a remarkable sense of intimacy with the audience whom for most of the time he is addressing directly. He is accustomed to pleading who no

If this is all done without histrionics or fast-banging, it is no wonder that the author, a well-structured climaxes, such as when he became convinced of the guilt of his clients, the MacNamara brothers, and entered a plea of guilty, or a "water-tight" case when he himself stood trial on a charge of bribery. At these moments Mr. Fonda switches to the present tense and momentarily raises the tempo. The longest and most kind concerns the Negro doctor Isaac Brown whom Darrow defended on a murder charge after he had killed one of a white mob, and his shortest one is the case of a woman charged on behalf of Leopold and Loeb with which the show inevitably ends. Mr. Fonda proves that virtue need not always be dull, and that nobility can be of a difficult task.

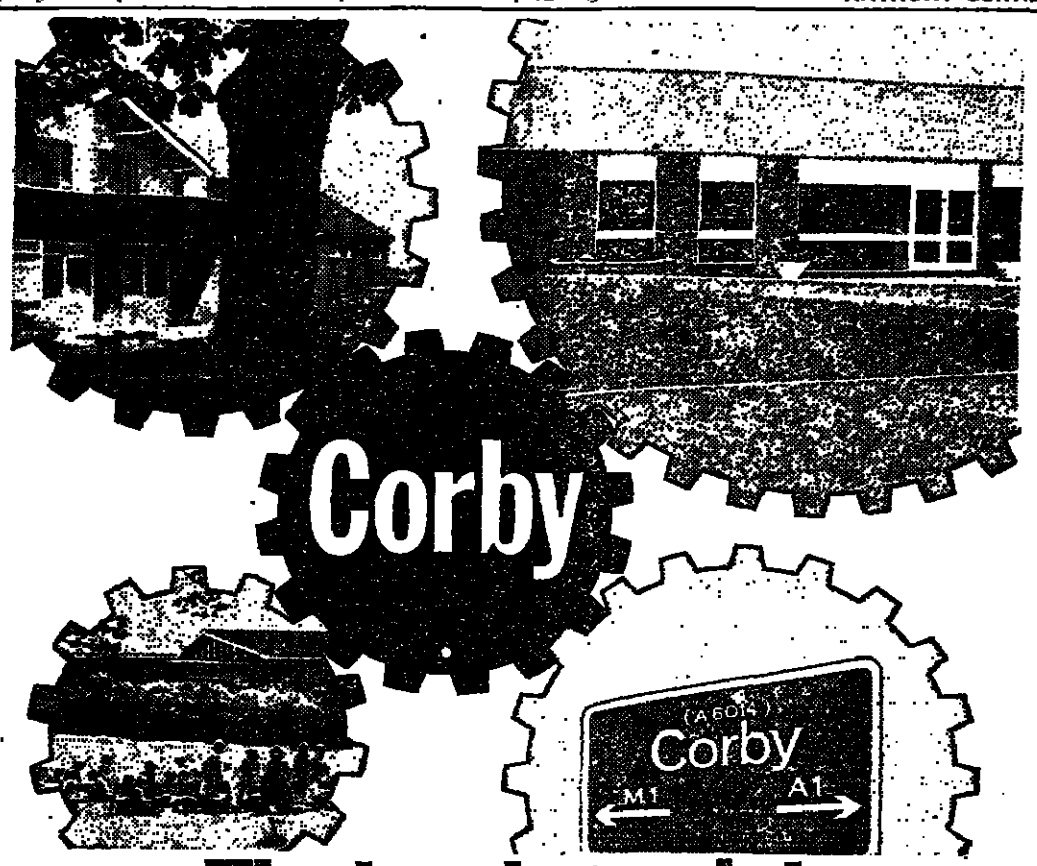
ANTHONY CURTIS

ANTHONY CURTIS

of "Bluebird." The planning of the production is a masterpiece of allures for symphonic construction as well as theatrical effect. Dukas wrote for the jewel scenes a set of variations. The second phrase, Ariane's unanswerable return to Bluebird's reproach that she has deceived him, is a "Valse au clair de lune." "Valse au clair de lune?" Did she find the complete union of word and music in this phrase. As Ariane's faithful old nurse, Irina Arkhipova, Mchoukova found that union at all Macbeth's "Valse au clair de lune." The intense, but the part is low for her. When Francis Arnaux, started to sing as Sylvestre, the article of the former movie actor realised how insecurely the part was suggested by the visitors. (The wives are named after earlier Maeterlinck heroines; they include Melisande, the duly sainted with a brief quotation from Debussy.) The acquisition of the production is both designer and producer. The scenery set like a great, shattered

There is not much wrong with this production that could not be improved. It should remain in the repertory as a frame for the next great French interpreter of the role of Ariane, when she comes, and as an export for

festivals abroad. The sombre prelude to act 3 can be heard on HMV ASD 2953, a record which also includes a vigorous performance by Martinon and the French National Radio Orchestra of Dukas's Symphony in C. There is an excellent chapter on Dukas in vol. 4 of the Weidenfeld and Nicolson *Twentieth Century Composers* series—Frederick Goldbeck's *France, Italy and Spain*.



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WORLD TRADE NEWS

Spanish payments problem eased but still acute

BY ROGER MATTHEWS

MADRID, July 17.

SPAIN'S TRADE balance showed a slight improvement during May when the rate of import increase slowed down to 2.3 per cent, while exports climbed by 9.9 per cent above May, 1974.

The figures indicate an increase in the extent to which imports are covered by exports to around 46.4 per cent, which, although a move in the right direction, emphasises again the extent of the balance of payments problem the country faces this year.

The trade deficit in relation to the gross national product is one of the largest of any OECD country.

During the first five months imports have climbed 18.7 above the same period last year, when the oil price increases really began to bite, and marginally higher than the rate of export growth of 15.7 per cent.

The trade deficit for the five months is provisionally estimated at pesetas 220bn. (£1.78bn.), with the individual figure for May put at Ptas.44.7bn. (£360m.).

The decline in the rate of imports growth is seen here officially as a reflection of the continuing fall in internal economic activity.

Probably the most Spain can hope for this year in terms of

real growth is 3 per cent, with some pessimists suggesting between one and two per cent. However, some encouragement has been gained from the slowing up of price increases in some of the country's principal imports, especially in the raw materials sector.

At the same time, export performance shows some signs of reviving but any real improvement is presumably going to have to wait clearer evidence that world trade has started to recover. Few Spanish officials expect this to happen much before the first quarter of next year, if then.

Japan to ask EEC to ease its textile controls

TOYKO, July 17.

JAPAN will ask the EEC to ease its textile import restrictions in talks to be held in Brussels next Tuesday, the Ministry of International Trade and Industry said today.

The talks are being held under provisions of the Multilateral Textile Trade Agreement of January, 1973, which aims at terminating bilateral trade restrictions.

The Ministry stated that the EEC nations had imposed still import quotas on a wide range of textile items, while Japan had no restrictions on textile imports.

As a result, Japan's imports of textiles from the EEC in 1974 amounted to \$400m. while exports to the EEC totalled \$180m.

IN BRIEF
Investment in U.S.

Foreign companies announced 43 new investments in U.S. manufacturing facilities during the second quarter, but they continued to lag behind 1973-74 levels. In the first half of 1975 there were 79 new investments (133 a year earlier).

Japan topped the list with 14 announcements (9), followed by West Germany (7), Britain, Netherlands and Canada (6 each).

Israeli diamonds

Israel's diamond polishing industry, which in recent years has been working an increasing proportion of smaller stones, is now falling back on its staple, meagre diamonds of from 40 to 20 stones per carat, which still account for over 80 per cent of output. Producers have thereby maintained the volume of exports, although the dollar income is lower. First half 1975 exports at 1.34m. carats were 7 per cent higher by quantity but the proceeds of \$372.8m. were 6.4 per cent lower. The dollar value was unchanged at 19 per cent (\$32.8m.).

Cameras for Japan

The Japanese Market for Photographic, Cinematographic and Audio-Visual Equipment, published by the British Overseas Trade Board, says Japan will have room to accept more low-priced cameras since the local industry concentrates on high and medium-class equipment.

S. Arabia investment

Foreign investment in Saudi Arabia, a CBI 40-page guide for companies considering investment there, deals with industrial policy, investment law, incentive schemes, working conditions, and acquisition of land. Price £3 from 21, Tottill Street, London, S.W.1.

Inter-Alpha

Inter-Alpha banking group has formed Inter-Alpha Asia (Hong Kong), capitalised at U.S.\$5m. to finance trade between Hong Kong and Europe. Williams and Glyn's Bank is one of the group.

Export Controls

RACAL COMMUNICATIONS reports orders from Poland now total £250,000, many contracts having been developed from the Poznan Fair and the 2,000 km tour of the Polish Baltic coast by a Racal demonstration vehicle.

GEC TELECOMMUNICATIONS is supplying £1.5m-worth of equipment to expand the 1,500-mile transcontinental microwave radio system between Perth and Adelaide which it supplied and installed for the Australian Post Office in 1970.

Northrop chairman resigns over foreign payments row

BY GUY DE JONQUIERES

NEW YORK, July 17.

MR. THOMAS JONES, the driving force behind Northrop's growth as an important U.S. defence contractor, has resigned as its chairman after being sharply criticised by an in-house report which alleges him much of the blame for the corporate scandals that have rocked the company in recent months.

The report, prepared by Northrop's executive committee after six months of investigation, probably occupies a unique place in the annals of American business. While the air has been thick with embarrassing disclosures about corporate impropriety, Mr. Jones is the first chief executive of a major company to be forced out of office as a result of such revelations.

The Northrop investigation was instituted after the company admitted making unreported corporate contributions to the Nixon re-election campaign in 1972. But as it progressed, its attention focused increasingly on allegations that Northrop had paid bribes in an effort to promote its arms business in a number of foreign countries.

The report confirms only two instances in which Northrop made improper payments abroad, involving bribes totaling \$450,000 intended for two Saudi generals. But it states that on several occasions Mr. Jones "either actively fostered marketing strategies without recognising the potential for raising questions of propriety, or he refrained from taking the initiative to supervise effectively the activities of other company personnel."

The committee said that it investigated 18 specific questions, but while referring to shortcomings in Northrop's relations with consultants and possible violations of law, inadequate corporate procedures and other improprieties, it remains vague on the details. The committee indicated that the reasons for some of the vagueness may lie with Mr. Jones, whom it censures for "personal failures or errors of judgement" involving a number of overseas payments, though it does not conclude that these payments were in fact illegal.

New York pay freeze looms

BY JAY PALMER

NEW YORK, July 17.

FACED WITH the real possibility of a fresh financial crisis, New York City Mayor Abraham Beame is this morning reported to be considering an immediate municipal wage freeze as a visible step towards putting city fiscal affairs in order and restoring shattered investor confidence in the city's direct and indirect borrowings.

Talk of this drastic step, which many argue is of such doubtful legality that it would spark off waves of strikes, follows stern

warnings that the city is now again only a month away from bankruptcy. City bankers have apparently warned the Municipal Assistance Corporation, the state agency created to raise badly needed city funds, that it will be unable to sell more public debt unless the city improves.

The brainchild of state governor Hugh Carey, the "Big Mac," as the agency has been nicknamed, was formed late last month to sell three separate \$1bn. debt issues to aid the city.

Trinidad-Romania link

BY DAVID RENWICK

PORT OF SPAIN, July 17.

TRINIDAD and Tobago's increasing relations with the Communist bloc—already begun through co-operation agreements with the Peoples Republic of China, Cuba and the Soviet Union—has been further enhanced through the conclusion of a long-term economic, industrial and technical agreement with Romania.

Following a visit to Bucharest by Trinidad and Tobago's Prime Minister, Dr. Eric Williams, who is currently on a European tour, it has been agreed that Romania will take part in the energy-based industries shortly to be

established in Trinidad, including refinery development, petrochemicals, fertilisers, caustic soda and similar products.

Romania will also co-operate in the possible setting up of a tractor assembly plant in Trinidad as well as a plant for making pre-stressed concrete pipes, and will assist Trinidad with its Institute of Petroleum, shortly to be established.

Romanian specialists will visit Trinidad before the end of the year to investigate the problem of a decline in on-shore oil production and to suggest remedies.

U.S.-SOVIET RIVALRY AT SEA

The Powers fill a vacuum

BY MALCOLM RUTHERFORD

BERBERA is a small port in Somalia overlooking the Gulf of Aden and the entrance to the Red Sea. In the old days, when the Indian Ocean was dominated by Britain, there were strategic maps of the area which did not show the port. Diego Garcia is an island in the middle of the Ocean about 1,000 miles south of the southern tip of India. It appeared on the maps as a small, low-lying island, but as it was a strategic importance was only potential.

Now Berbera and Diego Garcia have become key points in the build-up of Soviet and U.S. Indian Ocean facilities respectively.

The Soviet interest in Berbera is not new. It goes back to the early 1960s when the Russians first signed an agreement on the construction of port facilities. But it has come into the news because last month the U.S. Secretary of Defence, Dr. James Schlesinger, released information about it including pictures.

Dr. Schlesinger's purpose was quite simple. He gave the information because he was seeking funds for the further expansion of U.S. facilities in Diego Garcia, and he used the evidence of the Soviet build-up in Berbera to impress Mr. Roy Mason, the British Defence Secretary, that he had them bound and placed in the library of the House of Commons before last week's Navy debate.

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According to Dr. Schlesinger, the port capacity has reached 2,300 short tons a day. There are Soviet repair ships, housing facilities for more than 1,200 people, and an increasing oil storage capacity. There is a high frequency communications facility and the Russians are continuing to build up their presence.

There has been a small U.S. presence in the Indian Ocean since the late 1940s at a level described by Dr. Schlesinger as "prudent." It consisted of a fleet of ships based at Bahrain and two destroyers on rotation from the U.S. Since 1973, the deployment of U.S. naval forces has been more active.

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Canada to cut gas supplies to U.S.

OTTAWA, July 17.

CANADIAN Energy Minister Donald MacDonald said today that the U.S. will be reduced as part of a programme to alleviate widespread domestic shortages predicted for this winter.

Mr. MacDonald said the natural gas exports, which amounted to 1,000 b.c.u. last year, would not be totally eliminated, but would be limited to quantities available after Canada's "approved requirements" had been met.

Meanwhile, the Canadian Press reported from Washington that a State Department spokesman termed the decision a "very serious matter" and said the department had announced from Canada that the reduction would be a "matter of full discussion with U.S. authorities."

Canadian natural gas exports to the U.S. account for 45 per cent of Canada's production, but only 4.5 per cent of total U.S. demand.

Bigger labour share in GNP

By Victor Mackie

OTTAWA, July 17.

THE LATEST national income figures issued by the Canadian Government show farmers and small business are taking a smaller portion of the Gross National Product, increasingly dominated by services, labour and the corporations.

The latest figures show that in the first quarter the farm share of the total shrank to 2.2 per cent, from 2.6 per cent in 1974. Small business share decreased to 5.1 per cent, from 5.3 per cent.

The proportion of GNP going to wage-earners grew to 57.1 per cent, from last year's 54.5 per cent. Profits, which reached a near-record 15.1 per cent of the GNP in 1974, dropped back to about 14.1 per cent, or 11.3 per cent, in the first quarter this year.

URUGUAY CLOSES SOVIET INSTITUTE

MONTEVIDEO, July 17.

PRESIDENT Juan Bordaberry today dissolved the Uruguayan-Soviet cultural institute here, closing its offices and confiscating its property.

A decree signed by the President said the institute was "in violation of the laws of the Republic" and that it had been established to serve as an instrument of Marxist propaganda.

Political parties were dissolved in June, 1973.

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Kenya commercial vehicle industry in big switch to local assembly

BY JOHN WORRALL IN NAIROBI

A RASH of vehicle assembly plants has broken out in Kenya. Considerable foreign investment is involved, which demonstrates forcibly that in spite of economic difficulties, inflationary trends and a deteriorating balance of payments, overseas industry is still not shy about investing in Kenya's future.

In the past year British Leyland, General Motors and a consortium of Incheape, Lounho and other Kenyan franchise holders, have invested nearly K£10m. in putting up three plants to assemble CKD (completely knocked down) commercial vehicles of various types and many nationalities, in heavy, medium and light ranges.

Capacity

Within two years Kenya will have assembly plants operating with a total capacity of about 10,000 vehicles a year, employing nearly 1,000 men. It is hoped to save millions in foreign exchange. One government agreement with all the manufacturers is that they will stimulate local manufacture of components such as tyres, batteries, paint, gaskets, upholstery, shock absorbers and flat glass.

Kenya is rapidly becoming an industrialised country in African terms, with a flourishing motor transport system which gains ground as the rail system, troubled by quarrels between the three East African community partner states, Uganda, Tanzania and Kenya, becomes tragically less efficient and reliable.

For years a fine road system has been built up in Kenya to take heavy transport. Some com-

panies operate beyond Kenya into Tanzania, Uganda, Zambia, Sudan and Ethiopia. Trucking is big business.

The market for commercial vehicles is not large, but is growing steadily. In 1973 imports sold 5,392 vehicles of all types, in 1974 6,004 and projections are 6,500 in 1975 and 7,400 in 1976. The market today is worth about K£12m.

Some types such as Land Rover, Bedford and Leyland, have been assembled from SKD (semi-knocked down) form for many years, but most commercial vehicles have been imported. Kenya now hopes to change all that. With a market so small, however, many sceptical eyebrows have been raised at the wisdom of large-scale CKD assembly.

All the manufacturers say, however, that they have closely studied the market and future likely trends, and seem to be willing to go along with it. First in the field, about a year ago, was British Leyland, which has set up a K£2.5m. company, Leyland (Kenya), which brings in Cooper Motors Corporation Holdings, an all-Kenya company (the agent for Volkswagen). The Kenya Government has a minority holding of 35 per cent. A plant is being built at Thika, just outside Nairobi, to assemble Leyland trucks and buses, Land Rover, Range Rover, and Volkswagen vehicles, including the popular microbus used extensively in the tourist business. The plant should be ready in about a year.

Second to be set up was a K£2.5m. consortium of Incheape Mackenzie, Lounho (Kenya) Motor

Holdings, the Kenya Government and Kenya's Industrial Development Bank. The company is called the Associated Vehicle Assemblers, and a plant, to be erected at Mombasa, will assemble a mixed bag of Datsun, Ford, Mercedes, Mazda, Peugeot, Renault, and Toyota commercial vehicles.

Newcomer

The third newcomer, but the first to show interest in local assembly, was General Motors. It is in a joint K£5m. venture with the Government through the Industrial and Commercial Development Corporation, which holds a 51 per cent controlling interest. Bedford and Isuzu vehicles will be assembled, in light, medium and heavy ranges, at a Nairobi plant, work on which is to begin soon.

"We are satisfied the market is big enough to take these three plants," Dr. Gikonyo Kiano, Minister for Commerce and Industry, told me in an interview. "In spite of our present problems we are confident the economy will grow, and we hope to export to our neighbours such as the Southern Sudan and Ethiopia."

Dr. Kiano said the Government felt it necessary to rationalise the motor industry. There were difficulties with such a wide variety of vehicles being imported, and it was not always easy to get spares. "Our aim is to stimulate the manufacture of local content, and all three groups have undertaken to run extensive training programmes in new skills and expertise," he explained.

The Government hopes to encourage overseas manufacturers of vehicle components to establish themselves in partnership with Kenyan companies, or to license Kenyan companies to manufacture their components in Kenya. The use of indigenous raw materials will be encouraged.

It is obvious that there will be import prohibitions on most commercial vehicles other than the CKD form—one exception possibly being the popular Fiat trucks—but the wide range of vehicles to be assembled will prevent undue dilution of consumer choice, and is not expected to disrupt the established motor trade.

Several major problems will have to be faced by the assemblers in marketing their products, such as inherent consumer prejudice against locally-built vehicles.

Passenger cars have been excluded from the Government assembly programme, at least in the early stages, because economies of scale and the highly competitive nature of this field have tended to keep costs to a relatively lower level. Low-volume production would carry much higher cost penalties.

The groups are not keen to make any projections of future sales. Total output of the three plants will be matched to demand, but considerable capital is involved. It is likely that when the market is satisfied there will be unused plant capacity and export prospects do not look good. The problem then will be

OVERSEAS NEWS

Calm Israeli reaction to UN expulsion threat

BY L. DANIEL

JERUSALEM, July 17.

OFFICIAL JERUSALEM continues to play it almost uncharacteristically cool in the face of the decision by the 40 Arab countries assembled in Jeddah to try to expel Israel from the United Nations and the Egyptian declaration that they will permit the continued presence of the UN emergency force only "under the right conditions."

The last is interpreted by observers here as meaning very rapid progress towards another interim agreement of a kind satisfactory to Egypt or possibly an attempt to bring from Israel a commitment and eventual total withdrawal from Sinai.

But officials here still appear to be of the opinion that Egypt's move is now a tactical move, rather than another round of fighting and that the latest declarations emanating from Cairo should therefore be regarded as a ploy aimed at obtaining the best possible conditions.

The low profile being adopted by Jerusalem is reflected in the fact that Ambassador Dinitz is meeting Dr. Kissinger to-day with the latest Israeli map and proposal as though nothing had happened in the last 48 hours.

Israel reluctantly came round to accepting U.S. undertakings of assistance as a meagre second

best to an Egyptian declaration of non-belligerence in exchange for vital areas in Sinai. But if there is no UNEF, if the Arab countries should succeed in pushing through sanctions on Israel, non-recognition of the credentials of a UN delegation or her suspension from the General Assembly, then the very premise on which the agreement was to have been made are no longer valid.

Already to-day UN officers returning to Damascus reported they were being treated with a good deal less courtesy and in some cases scorn, indicating that Syria apparently intends to follow in Egypt's footsteps by not renewing the UNDOF mandate on the Golan Heights or even asking for its withdrawal before its term expires in November.

A great deal will now depend on the line to be adopted by the U.S. which has staked so much on the success of the current round of talks.

And if it was difficult before for Premier Rabin to "sell" withdrawal from Abu Rudeis and most, if not all, of the Sinai passes to the Israeli public for fear less than the formal declaration of non-belligerence which Israel sought originally his task has been made that much more difficult by the latest indications

ANC men held for 'recruiting' guerillas

SALISBURY, July 17.

FOUR PROVINCIAL officials of the African National Council (ANC) have been arrested and accused of recruiting guerillas as fears heighten that Rhodesia's guerilla war may escalate.

The four unnamed men, all from South-Eastern Victoria province, near the Mozambique border, will appear in court soon, the Ministry of Law and Order announced to-day.

Police are investigating the disappearance of an undisciplined number of African senior school students from areas along the Mozambique border. The students are believed to have crossed into Mozambique.

Late last week, 18 senior students—six of them girls—disappeared from Mutema mission school on the eastern border and are believed to have entered Mozambique.

The disappearance of students along the eastern border and from schools in the north-east is believed in some quarters here to be part of a recruiting campaign by guerillas outside the country.

Rhodesian whites are becoming increasingly conscious of a new and larger guerilla threat.

Press reports reaching here from outside Rhodesia speak of a new guerilla army of 2,500 formed by Rhodesian blacks. But official sources here believe this to be an exaggeration of the short-term guerilla potential. But Prime Minister Ian Smith and other Cabinet ministers have said that contingency plans have been and are being made to cope with any escalation in the war.

Senior ANC leaders have spent the past two weeks in talks outside the country. The top men, Bishop Abel Muzorewa, the Rev. Ndabaningi Sithole, Mr. Joshua Nkomo and Mr. James Chikere, are currently in neighbouring Mozambique.

A problem defying peaceful solution. Page 16

OCEAN EXPO

The sea we want to see

BY CHARLES SMITH, FAR EAST EDITOR

THE JAPANESE Government, as well as ethnic ones: the people, have been highly addicted to putting on international events. They staged the 1964 Olympics in Tokyo with an efficiency and flair which surprised the world (and provided the excuse for equipping Tokyo with a network of overhead motorways rivaling Los Angeles). Expo '70 in Osaka was the most heavily attended and most profitable international exposition ever held, and the 1972 winter Olympics in Sapporo raked in hundreds of millions of dollars for the northern island of Hokkaido. On Saturday, when Ocean Expo 1975 opens in Okinawa, a security screen of 2,400 policemen imported from the Japanese mainland and Japan will be trying to do for its southernmost island what it previously did for Tokyo, Osaka and Hokkaido. The question in most people's minds, however, is whether the combination of world-wide recession, political frictions (between Okinawa and the "mainland") and the sheer physical problems of the project may mean that for once the Expo-enthusiasts in Tokyo have bitten off rather more than they can chew.

There is certainly nothing modest about Ocean Expo, or about the problems it has been facing. The project will be the largest specialised international exhibition ever held, with 36 participating foreign government and international organisations and a total investment of \$300m. It will also be one of the most behind schedule in the long history of Expos, since the Japanese Government was forced by problems arising from the oil crisis to alter the opening date by four months from the original target of last March. This means that Expo will be opening in the very middle of Okinawa's hottest season with the temperature in the 30s (Celsius) and a strong possibility of typhoons bearing down on the Japanese Government's prize exhibit, a floating marine "city" manufactured by Mitsubishi Heavy Industries and christened "Aquapolis".

Expo has communication problems as well as ethnic ones: the traffic jams on the 55 mile drive from Naha, the capital, of Okinawa, would do credit to Tokyo on a busy day, and the prices at on-site hotels (not of course the only places where visitors can stay) are enough to make an expensive account businessman gape. I paid Yen 500 (about £2.45) for a medium sized helping of French onion soup at

Japanese Government at less than the rent of the Commercial Councillor's flat in Tokyo) have some strikingly rather commercially-oriented exhibits. The log book of Will Adams, the first Englishman to set foot in Japan (in 1601), is displayed alongside the revolutionary BP-Vickers oil slick clearing machine and what are claimed to be the world's first powered surfboards.

Foreign Governments have done well at Expo, although the Australian pavilion at one time was in danger of being struck down by its stewards. But, as at Expo '70, it is the big Japanese industrial and commercial conglomerates which have spent the most money, and which will probably get the highest share of attention. The VOS group (a recently formed partnership of 40 Japanese companies interested in ocean development) has a concrete whale, twice life size, which spouts at one hour intervals, and features a ghost-train type ride past submerged wrecks, coral reefs, and fights between giant underwater creatures.

The Expo group has gone overboard for the "science" of bionics, which involves the use of electronics and computer techniques to produce life-like underwater creatures. Finally, as with Expo '70, there is plenty in the way of novel forms of transport. Visitors can travel to the site by hovercraft (one hour from Naha, but Yen 3,000 each way). Once inside they can use bicycles, or ride on a computer operated vehicle system (CVS) with unmanned cars that stop and start (and overtake each other) at the bidding of a central control room.

Expo will be fun for those who go there and may just conceivably add something to popular understanding of the problems of ocean development. Its theme is "the kind of sea we should like to see." The fact that not very many people are likely to go (probably only about a tenth of the number that visited Expo '70) may be a point in the exhibition's favour, since Expo '70 was said to be grossly overcrowded. What remains in doubt is how well Ocean Expo will serve

Palestinians to hold talks in Peking

By Ihsan Hijazi

BEIRUT, July 17. A HIGH-RANKING delegation representing the main Palestinian commando group, Al Fatah, is due in Peking to-day for talks with Communist Chinese leaders and will later also visit Saigon and North Korea.

The delegation, led by Mr. Khalil Al Wazir, believed to be Fatah's second-in-command, left from Damascus last night. It includes Mr. Mani Al Hassan, a close adviser to guerilla leader Yassar Arafat.

The significance of the visit was emphasised in an article in the leftist daily newspaper As Safr here by Mr. Al Hassan himself, who expected the projected talks to elevate Palestinian-Chinese relations to a new level.

UN chief in Syrian talks

BY IHSAN HIJAZI

BEIRUT, July 17.

SYRIA has been in close consultations with Egypt over the latter's decision not to extend the mandate of UN forces in Sinai beyond July 24, according to informed sources here who have disclosed that General Ensis Silasvuo, commander of the UN forces in the Middle East, arrived in Damascus last night for talks with Syrian Defence Minister Major General Mustafa Tlas.

His visit was not announced by the Syrian media but the news was confirmed by UN sources. The exact nature of General Silasvuo's talks was not disclosed, but informed sources said he is there at instructions of UN Secretary General Kurt Waldheim to get assurances that

Syria would not follow Egypt's suit in seeking to end UN forces presence in the Golan Heights. Syria had already agreed to extend the mandate of the forces in the Heights for six months until the end of November, and the UN Security Council endorsed the extension.

Observers do not expect Syria to interrupt the extension unless a state of actual war develops between Egypt and Israel after the end of the mandate of the forces in Sinai in a week's time.

Informed sources said that following consultations with Egypt, the Syrian forces as well as Palestinian commandos in Syria and Lebanon have been placed in a state of alert as a precaution. This suggested a similar state has been declared within the Egyptian forces, the sources pointed out.

FNLA deny defeat in Angola

LUANDA, June 17.

ALTHOUGH Luanda was struggling to return to normal, tension remained high after bloody fighting between two rival liberation movements which in one week left some 300 dead and 1,000 injured.

Small arms fire was heard in the suburbs early to-day but it was not known if liberation movement troops were involved. The heavily-armed, Marxist Popular Movement for the Liberation of Angola (MPLA) controlled the capital and access roads. But rumours persisted of a possible counter-attack by the rival, Zaire-based National Front for the Liberation of Angola (FNLA).

The Portuguese high commissioner, General Silva Cardoan, had apparently asked the United Nations to help combat the food shortage by supplying 15 days of food for about 5,000 people.

Dr. Jonas Savimbi, president of a third liberation movement, Unita, which was not involved in the fighting, told reporters

in the central Angolan city of Silva Porto yesterday he did not favour any further summit meetings among the factions unless there was a firm intention to enforce decisions.

Dr. Savimbi is generally credited with being the architect of summit meetings held last December—prior to independence talks with Portugal in January—and again last month in Kenya.

In the northern coffee capital of cameroona, FNLA deputy secretary-general Daniel Chipenda and his aides led plantation workers in harvesting coffee. The coffee harvest in Angola is in great danger this year because of bad weather, local labour unrest and a shortage of plantation workers. This year's harvest was only 40 to 50 per cent. of last year's crop of 220,000 tonnes.

Mr. Chipenda also met northern Angola refugees from the fighting in Luanda and promised FNLA help in resettling them.

Several hundred northerners are reported to have been flown by Portuguese air force planes to around Cameroona from Luanda. The evacuation of Portuguese refugees from Luanda to Lisbon has also been speeded after more chartered flights were laid on.

In Kinshasa, the FNLA, which is based there, to-day denied reports that a rival Angolan movement had chased its forces out of Luanda during recent fighting there.

In a communiqué quoted by the Zaire news agency AZAP, the FNLA said: "The MPLA has not won the battle it started in Luanda and the FNLA in Luanda is still in control of its main strategic positions."

Malaysian Minister will 'not resign'

By Wong Sulong

KUALA LUMPUR, July 17. TUN MUSTAPHA, the controversial chief Minister of the oil and timber-rich east Malaysian State of Sabah, to-day squashed all rumours of his impending resignation over a rebellion in his party, and said he would be returning to Sabah to-morrow to confront his challengers, who are believed to be supported by the Malaysian Prime Minister, Tun Abdul Razak.

Speaking on Penang island, 250 miles north of here, he refuted allegations from his opponents that he was trying to get Sabah to secede from Malaysia, describing secession as "madness."

The Sabah chief Minister, who has ruled the State for the past eight years, and whose authoritarian and erratic style of government and personal indulgences have often embarrassed the Federal government, flew into Penang from London this morning on hearing news that several members of his Cabinet had resigned to form a new party, and had demanded his resignation.

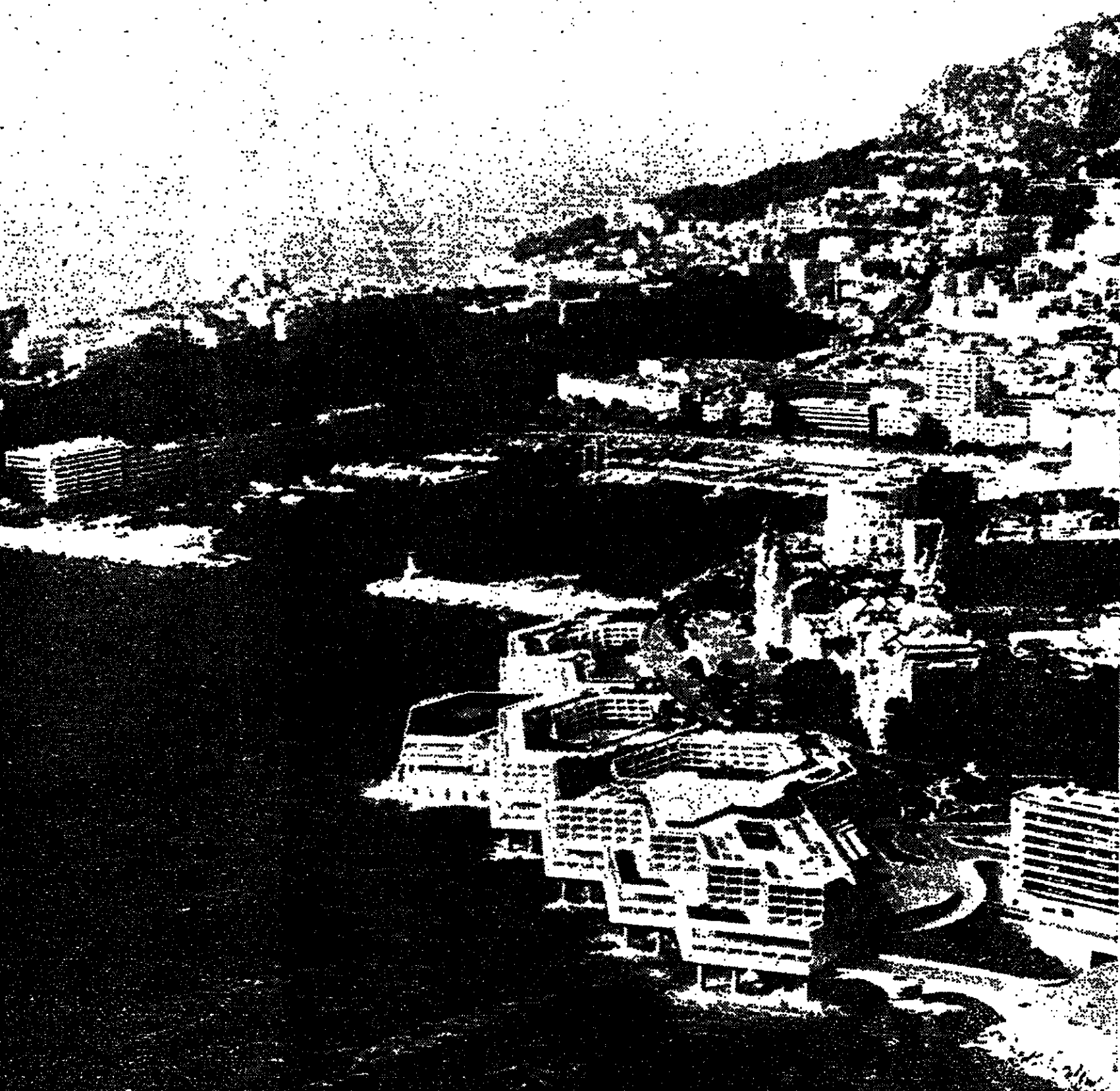
Suez Canal back to 1967 dimensions

CAIRO, July 17. FROM NEXT Sunday the newly-reopened Suez Canal will take ships as big as those that used it before the waterway was closed in 1967, canal officials said to-day.

When the 100-mile canal was reopened on June 6, ships drawing up to 33 feet of water were allowed through. From Sunday vessels of 38 feet draught will be able to pass, the same as in 1967.

Work to deepen and widen the canal is now under way, allowing it to take ships of 40 feet draught by December, the officials said.

The ultimate plan is for ships of 67 feet draught to be able to sail through the canal.



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EUROPEAN NEWS

EEC says aid to Portugal conditional on 'democracy'

BY ROBIN REEVES

EUROPEAN HEADS of Government reaffirmed at their Council here to-day the EEC's willingness to discuss "closer economic and financial co-operation" with Portugal, but made clear that aid would be granted only on condition that the country establishes a "pluralist democracy".

Events during the past 24 hours in Lisbon undoubtedly strengthened the hand of the French President M. Valéry Giscard d'Estaing, who had argued against giving aid to Portugal.

In discussions to-day both he and the West Chancellor, Herr Helmut Schmidt, pressed hard for a blunt resolution stating that aid would not be given to a "dictatorship". In addition, it was reliably reported, Dr. Mario Soares, the Portuguese Socialist leader, had telephoned

several European leaders and the Brussels Commission yesterday urging them to use the opportunity to exert their influence on events in Portugal.

The outcome was that the Council finally agreed to "point out that the European Community—in accordance with its European policy—can only support a pluralist democracy". Thus, the EEC remains willing to go ahead with its planned meeting in Brussels next week with Major Melo Antunes, the Portuguese Foreign Minister. But it is recognised he may consider such a meeting not worthwhile when he hears the Community's condition for aid. He flew to Rome to-day to discuss the question to-morrow with the current President of the Council of Ministers, Signor Mariano Rumor, the Italian Foreign Minister.

BRUSSELS, July 17.

Mr. Harold Wilson, the British Prime Minister, stated explicitly in his Press conference that as far as aid for Portugal was concerned, "unless it elected a pluralist democracy, and that means one based on parties, then no dice".

That said, British officials are stressing that there is ample time to see how events develop in Lisbon since any Community money, with the best will in the world, will not start to be channelled to Portugal before next year at the earliest. The amount of Community aid at stake, as proposed by the European Commission, though not yet blessed by the member states, is 700m. units of account (roughly \$300m.), of which 400m. u.a. would be made available next year, 300m. u.a. in 1977 and 100m. the year after.

Bundesbank raises bank liquidity by DM1.5bn

By Jonathan Carr

BONN, July 17.

IN ITS last meeting before the summer recess, the Bundesbank to-day decided to increase bank liquidity by about DM1.5bn. The decision is aimed at ensuring the smooth functioning of the bond market in view of the continuing enormous borrowing requirement of the federal Government and local authorities.

While the decision was expected, the method was somewhat of a surprise. It had been rumoured in banking circles that a further drop in discount and Lombard rates was in the offing: the former was cut to 4.5 per cent and the latter to 5.5 per cent on May 23.

However, the Central Bank chose to act once more on the minimum reserve requirement for the credit institutions. A fortnight ago it announced a 10 per cent cut in this requirement for both foreign and domestic liabilities—a measure that increased bank liquidity by more than DM1.5bn. To-day it decided to drop the requirement for foreign liabilities to the level demanded for domestic liabilities from August 1. The level is 13.55 per cent for sight deposits, 9.35 per cent for time deposits and 6.25 per cent for savings.

Two points in particular are being made on the discount rate. First, the Bundesbank has comparatively little scope left for a further drop. The rate has plunged five times since last October and now lies at the bottom end of the international scale. A further sinking might lead to undesirable outflows to the U.S.

Further, the Bundesbank had repeatedly dropped discount and Lombard rates to help provide for the birth of an economic upswing. However, other conditions necessary to economic revival have been lacking—notably a recovery in export business.

SMALL TRADESMEN IN EAST EUROPE

The wind turns chilly

BY PAUL NEUBURG

THE BEST cooked restaurant food in socialist Poland is to be had in privately run establishments, whose share has grown to over a third of the country's eating places since Mr. Gierk took over in December, 1970. The handsome shoes and the most elegant clothes in Budapest grace the windows of the small but expensive private boutiques of Vaci Utca, and three fifths of all car repairs, plumbing jobs and similar work is done for Hungarians by private tradesmen.

The choicest fruit they eat is sold by private grocers. Polish petrol stations, after years of making a loss and offering the population a deplorable service between 8 a.m. and 4 p.m., were turned over to private operators under the country's agency system. They now keep open for as long as their customers want them, do repairs as well as selling petrol, and make a profit.

Where private enterprise of this kind has been allowed to survive under socialism, or to come back to life in recent years, it offers quality goods as well as services which state-run firms and co-operatives are too unwieldy to provide, and the lack of which makes life in other communist countries so much harder to live. It also brings some small private tradesmen incomes beyond the pay of ministers.

Of Hungary's privateers 6.7 per cent admit to earnings of 100,000-200,000 a year (between three and six times the national average). But now this flourishing growth of pragmatism is in danger. It is threatened by three factors: one political, one financial, and one merely of age. The young appear to have little enthusiasm for becoming private craftsmen and traders. Grown up under socialism and used to letting others take responsibility and to doing only the required amount of work in

secure jobs, few wish to opt for the uncertainties and the 12-14 hour working day of private tradesmen. Hungary's 3,168 private shoemakers have only six apprentices; 1,192 private plumbers are training no more than 32 boys to replace them; and large numbers of private tradesmen of all sorts are well past normal retirement age. The situation is the worst in working class, but was also seen in good

are likely to rise as East European countries feel the effects of Western inflation and of huge price increases for Comecon's own raw materials. The special property tax imposed in Poland at the beginning of the year on certain types of wealth amassed in the past 20 years not only has its main target the small entrepreneurial situation is the worst in working class, but was also seen in good

Success depends to a great extent on the treatment which small private trade receives from the Government, and here the outlook is not rosy.

measure as a move to please the workers at a time when the rise in their standards of living would begin seriously to slow down.

In Hungary, the earnings of the masses (a jocular but now generally accepted abbreviation for *magyar szektor*—private sector) have been a favourite target especially of the trade union Press as one of the "petit-bourgeois deformations" produced by the economic reforms of 1968.

The media image of the masses, his earnings, his ways of spending money and the consumerism to which he caters, as often as not places him in the shadowy area inhabited by high-living and corrupt officials, and their ilk. This in spite of the fact that official figures show that about half the country's small private tradesmen earned roughly the national average pay last year, and another 33 per cent came between that figure and the pragmatic people at the time, small private traders in East Europe now form the only remaining group whose conspicuous earnings and consumption can make them a scapegoat at times of rising economic or political tension. These tensions

are likely to rise as East European countries feel the effects of Western inflation and of huge price increases for Comecon's own raw materials. The special property tax imposed in Poland at the beginning of the year on certain types of wealth amassed in the past 20 years not only has its main target the small entrepreneurial situation is the worst in working class, but was also seen in good

The restrictive attitude of the later Gomułka years in Poland and the later Kádár years in Hungary, and in Hungary too, the numbers engaged in private trade, from a peak figure of 72,000 in 1971 to 60,000 this year. The authorities repeatedly affirm the need for small private trade, and the pay of an engineer in top appear to feel this somewhat. But in the hardening economic and political climate of East Europe, their affirmations may sound hollow to the small private tradesmen themselves, whom experience has made extra sensitive to unfavourable winds.

anti-equalitarian effect which the 1963 economic reform had had on incomes, meagre earnings and the tax and other measures introduced. The latest of these, brought in on July 1, forbids private tradesmen to accept payments of over the forint 1,000 (about £20 at the tourist rate) from any state firm or co-operatives, except through the so-called "tax-collectives" to which they all belong. Formed by ministerial decree in 1972, these consist of committees of representatives of tradesmen and outside representatives called in to assess the truth of the tax returns which private tradesmen make. In these assessments, personal friendships and enmities can have as large a share as the genuine knowledge people have of each other's earnings.

The kind of effect the collectives are known to have is shown by official spokesmen now voicing the hope that forcing private tradesmen to route their payments from state firms and co-operatives through the collectives, will in fact help the ordinary citizen. His payments, because they can remain unregistered, now become much more attractive, and this will tend to increase the share of the population from private tradesmen, who currently do some forint 2bn. worth of work a year for state firms and co-operatives.

The restrictive attitude of the later Gomułka years in Poland and the later Kádár years in Hungary, and in Hungary too, the numbers engaged in private trade, from a peak figure of 72,000 in 1971 to 60,000 this year. The authorities repeatedly affirm the need for small private trade, and the pay of an engineer in top appear to feel this somewhat. But in the hardening economic and political climate of East Europe, their affirmations may sound hollow to the small private tradesmen themselves, whom experience has made extra sensitive to unfavourable winds.

Industry lists rescue demands

BY JANE BERGEROL

LISBON, July 17.

PORTUGAL'S Confederation of Industry has handed "provisional" demands to the Supreme Revolutionary Council for "immediate very short-term action" to save private industry from bankruptcy.

If an outspoken and militant document, produced after three days of debate in a first post-revolution industrial congress, businessmen affirm their "inalienable right to be considered part of the Portuguese people, workers, and not second-class

citizens" and make a desperate plea for guidelines on private industry's role.

Their demands are made in a country without a Government, swaying towards extreme Left wing people's power. The Secretary of State for Industry, Sr. Joao Martins Pereira, resigned from the Government two days ago on the grounds he could not carry out his brief in the current chaotic situation. Also, the Minister for Industry, Sr. Joao Cravinho, has presented a list of demands to the Supreme Revolu-

tionary Council, enveloped in a political analysis, which if ignored might lead to refusal of his reappointment to the subsequent fifth provisional Government. Both men are highly respected and brilliant Left-wing independent technocrats.

Meanwhile, Armed Forces Movement sources close to the economic policy unit let it be known the Supreme Revolutionary Council is preparing to nationalise the country's textile industry—a move likely to cause an uproar in northern Portugal, where the textile industry employs around 250,000 people, mainly in small private firms employing under 50 people.

A heavy pile of documents relating the problems of every sector of Portuguese industry with breakdowns of the industries' structure showing overwhelming predominance of medium and small business—is now on the Supreme Council's table. The poor record of government action in the past for severe criticism. So does the virtual cut-off in bank credit since nationalisation of the banking system in March and effective priority on available credits for nationalised and State-controlled companies.

Also, increasingly serious is the discriminatory taxation on imports, imposed some weeks ago, pushing import duties up by 20-30 per cent on a wide range of semi-finished industrial goods, particularly used by the ailing textile industry. "The list of goods must be urgently revised with guidance from business," CIP recommends.

The most disturbing of the statistics produced to prove the state of crisis is the overall average drop in sales since the same period in 1974: the CIP estimates sales by private enterprise have fallen on a national average by 50 per cent in value terms.

The CIP's requests fall largely deaf ears while Portugal struggles in a crucial phase of its political crisis—likely to last weeks if not months more. Meanwhile, more technicians are leaving the country. Iran has sent a team to recruit 700 Portuguese technicians for contracts in Tehran and many are reported signing up.

'Terrorists,' Basques held

BY ROGER MATTHEWS

MADRID, July 17.

AN EXTREME Left-wing group has been officially accused of the murder of a Madrid policeman late on Monday night. He was machine-gunned to death while on duty outside the technical centre of Spain's national airline, Iberia.

The city's police chief said late yesterday that several arrests had been made and that the killing was the work of the Revolutionary Anti-Fascist Patriotic Front, FRAP. FRAP is probably the most violent of the extreme Left-wing

non-regionalist political groups in Spain, and there it is understood to be considerable police anxiety that further such attacks may be imminent.

Reuter reports from Bilbao: Police to-day announced the detention of another 22 Basques for alleged nationalist guerrilla activities, raising to 52 the number named this week.

All are being held under the three-month-old state of emergency giving police widespread search and arrest powers in a bid to destroy the outlawed ETA guerrilla movement.

Inflation rate slows

BY OUR OWN CORRESPONDENT

MADRID, July 17.

THE RATE of inflation in Spain is continuing to slow, according to the latest figures from the National Institute of Statistics. Last month the cost of living index provisionally showed a rise of only 0.27 per cent, compared with 0.44 per cent in the corresponding month in 1974.

For the first half of this year inflation has been running at an annual rate of 12.84 per cent, compared with 14.36 per cent last year and thus gives the Ministry of Finance some hope of fulfilling its aim of curbing the increase during 1975 by four points.

Price increases have traditionally tended to become more pronounced during the second half of the year, although 1974's final figure of 17.3 per cent, obviously also strongly reflected the rise in the cost of imported oil, the effect of which should now have almost completely worked through.

Much will depend during the second half of the year on the success of the Government in holding to its ceiling for wage increases, which are now limited to the cost of living during the previous 12 months plus 3 per cent, in exceptional circumstances.

Frigg development cost 'strains' Norsk Hydro

BY FAY GJETER

OSLO, July 17.

THE COST of developing the giant Frigg gasfield has escalated to an estimated Kr14.5bn—far above the original forecasts—according to the Norwegian magazine, Noroff. It says the French state-owned company, Elf-Aquitaine, a partner in the field, has sought French Government help to finance its share of development costs.

Norsk Hydro's share of the total will be some Kr3bn, the magazine predicts. Hydro has a stake of roughly a third in the Norwegian part of the field, which straddles the median line between the British and Norwegian sectors of the North Sea.

Hydro's increased commitments on Frigg, together with its other North Sea engagements, mean that over the next two years the concern will have to spend much more than expected on offshore activities, Noroff writes. When Hydro recently decided to expand share capital (by Kr3.5bn, to Kr6.5bn), it was expected that its offshore expenditure over the next two years would be around Kr1.9bn.

This forecast is clearly far too low, and the group will have to raise further loans to meet its commitments. Moreover, predicts Noroff, another increase in share capital may have to be considered, in order to maintain a reasonable relationship between share capital and loan capital.

GREEK POLICE TRACE ACTRESS

By Our Own Correspondent

ATHENS, July 17.

CINEMA ACTRESS and Athens town councillor, Aimilia Ypsilanti, who was feared yesterday to have been kidnapped by Junta sympathisers, has been found by police.

A nationwide search for Miss Ypsilanti was mounted by police after she failed to show up for a committee meeting with the Mayor of Athens and later with a close friend on Tuesday. She was traced early to-day at a summer camp where her nine-year-old daughter from her first marriage is holidaying.

WESTERN 'DISAPPOINTMENT' Deadlock at the troops-cut talks

BY PAUL LENDVAY

VIENNA, July 17.

THE SIXTH round of the 18-nation East-West force reduction talks (MBFR) recessed here to-day until the end of September in an atmosphere of total deadlock with a Western spokesman for the first time publicly expressing disappointment over the lack of progress.

Polish Ambassador Stanislaw Szulc, who was a major test of détente while the Polish speaker pointedly remarked that the Warsaw Pact side was hoping for a more constructive Western approach after the "historic summit meeting".

The Warsaw Pact has not been willing so far to discuss so-called associated measures (for example prior notification of manoeuvres and troop movements) nor the key issue of verification of the projected agreements. The Nato spokesman stressed that progress in the force reduction talks was a major test of détente while the Polish speaker pointedly remarked that the Warsaw Pact side was hoping for a more constructive Western approach after the "historic summit meeting".

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VISION'S REPORT ON EUROPE Where to live and enjoy it

BY RUPERT CORNWELL

PARIS, July 17.

IF YOU'RE a foreign worker go to Sweden. If you're young Italy is the place. If you're old Finland. Denmark is the European country that gives women the best deal, while impoverished old Britain still offers the best chance of getting a blow at the bureaucrats.

These, and a myriad others, are the findings of a report by the business magazine Vision, aimed at identifying the country in Western Europe which treats the individual best.

Top of the human rights league predictably enough comes Sweden, followed by other liberal bastions of northern Europe like the Netherlands, West Germany, Denmark and Finland. Next, rather more surprisingly, come

France and Italy, and Britain in only eighth place. The U.K., in fact, sees a number of its more cherished illusions knocked firmly on the head. The clear message of Vision's admittedly imperfect statistics is that we now have lagged far behind not only Scandinavia but also most other EEC countries in our treatment of - immigrants, workers, the elderly and handicapped and women.

Take heart though: that Britain still comes top for fighting the bureaucrats, and indeed has fewer civil servants (only 40 per 1,000 inhabitants) than anywhere else except Finland and Japan. And if you want to get out you can still get a passport quickest of all, in just 24 hours.

If they needed any reminder, Britain's MPs are worse paid than all save their Spanish, Swiss and Irish counterparts, and if they should decide to abandon everything and become tramps, they can get thrown in prison for 12 months, longer than in any European country.

Germany has the most newspapers in Europe, and France virtually the greatest number of policemen (38 per 10,000 people, against 22 for the U.S. and only 13 for Norway). Switzerland wins the prize for treating its cultural minorities best, but only by getting the wooden spoon for xenophobia, especially toward those wretched foreigners who are caught bounding a cheque and can go to prison for up to 10 years.



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

COMPONENTS

Tiny motor with mighty torque

MINIATURISATION of a hybrid stepping motor is being regarded as a breakthrough by research engineers at Muirhead-Vactric Components, of Morden, Surrey. The baby motor, in a size 13 case, is half the diameter of a comparable hybrid and believed to be the smallest available anywhere. It has now been prepared for volume production under number 13 MR 301. First order is destined for a customer in Germany for use in a computer printer, but Muirhead-Vactric expects the product's biggest appeal will be in the aero industry. Ken Moore, product manager, sees applications in fuel control systems for gas turbine aero engines. Considerable interest has already been shown by three

HANDLING

Elevator does not clog

A SPIRAL elevator introduced by Canterbury Conveyors for powdered and granulated chemicals, polymers, minerals and foodstuffs, has an integral conical hopper and an adjustable feed inlet. These features are said to ensure that throughput is not interrupted when cohesive or compacted material is being handled.

Hoppers with capacities of up to 6 cu. ft. are available, with slides that converge into the inlet which forms part of the hopper wall.

For free-flowing materials, the inlet aperture is set at minimum as gravity feed is sufficient. When difficult materials are being handled, the aperture is increased to bring several flights of the spiral into contact with the material. The revolving spiral loosens the material and prevents it from forming bridges.

The flexible open-pitch spiral is claimed not to de-blend or compress the material, and it can be easily withdrawn for cleaning. Capacities of 17 to 106 cu. ft./hr., discharging at heights of 20 to 29 ft., at angles of 50, 60 or 70 deg. are available, made in mild or stainless steel. The company is at Spring House Mount Pleasant, Blean, Canterbury, Kent CT2 9EU (022 777 4601).

MATERIALS

Glass for stereo sound

HI-FI enthusiasts know that loudspeaker cabinets must have minimum response to vibration, which is why they are usually constructed of heavy wood—there is even a design using 1 cwt. of concrete.

Glass is usually thought of as a "ringing" resonant material and therefore unsuitable for constructing speaker cabinets, but in fact glass in sufficient thickness almost eliminates resonant vibrations because of its high density and stiffness.

A system has been designed called the Co-Planar Suite, which uses Pilkington 5 mm thick amber Cotswold pattern glass for the sides of a speaker enclosure, and 10 mm thick rough cast glass for the base, achieving a pleasant effect acoustically and aesthetically. The glass is joined by a flexible silicone sealant, which aids damping.

The suite has two glass cabinets, each measuring 10 x 12 inches, weighing 7 lb., and enclosing five loudspeakers. These cover a frequency range from 100 to 20,000 Hz. Base frequency response is provided from a conventional wooden cabinet (this too may eventually be made of glass), housing the controls, and two speakers producing frequencies from 20-100 Hz.

The system is said to be compatible with most high-quality stereo amplifiers, and because of its design and acoustic qualities is capable of producing a similar sound from a 10W input to that produced by some conventional loudspeakers at 50W. Costing £320, the suite was designed by acoustics consultant Mr. T. Jordan and is being marketed by P and S Enterprises, Banbury, Oxon. (0295 58250).

COMMUNICATION

Portable viewer

A RELATIVELY low-cost portable audio-visual presentation system has been announced by Avcom Systems, Newton Works, Stanlake Mews, London W12 7HA (01 749 2201).

It consists of a briefcase containing a 50-slide-capacity automatic 35 mm projector and a cassette machine for synchronised commentary. The unit is based on a Kindermann AV-100 rear screen projector. For larger audiences the rear screen assembly is detachable and the equipment is immediately ready for use on conventional projection screens with full remote-control facilities.

Model AVK 50 is suitable for mains voltages at 50 or 60 Hz. It measures 400 x 310 x 150 mm and weighs 7 kg. Models are also available for 35 mm film-strip and 110 transparency format. Prices are from £175.

MACHINE TOOLS

High-speed nibbler from U.S.

DEVELOPED BY Strippit-Houdaille, a subsidiary of Houdaille Industries Inc. of New York, is a numerically controlled turret hole punching machine with a hit rate of 180 holes/minute on 1-inch centres. Carriage travel speed in X/Y axes is 1500 inches/minute.

Contour nibbling can be carried out at 375 hits/minute with circular and linear interpolation. With the 30-ton punching pressure, 1.25-inch-diameter holes can be made through 1-inch-thick mild steel, 2.875-inch holes through 10 gauge, and 3.5-inch holes through 12-gauge steel. Accuracy is said to be ±0.005 inch.

Changeover from point-to-point hole punching is by a code reference in the tape. The control also provides inch/metric switching, absolute and incremental programming, EIA/ASCII code switching, XY and block readout, and manual input for table positioning with jog fast and slow table control.

From September the machine will be made by Press and Shear Machinery Company, Coronation Road, Park Royal, London NW10 7PT, currently the sole importer.

ENERGY

Makes good use of exhaust gas

CONSIDERABLE energy savings are claimed for an exhaust gas recovery system for reheating furnaces developed by Kawasaki Heavy Industries, Tokyo.

The company says energy requirements are reduced by about 20 per cent., and that if its system were installed on the 100 reheating furnaces currently in use in Japan, heavy oil worth \$82m could be saved annually.

In conventional reheating furnaces used in the steel industry slabs and billets are heated to about 1200 deg. C prior to rolling. Thermal efficiency is extremely low (about 50 per cent., according to Kawasaki) and the unused heat is discharged in exhaust gas.

The new system recovers the exhaust gas and channels it through an arrangement of nozzles and blowers in a chamber holding slabs and billets ready to move into the furnace. This preheating raises the temperature of the steel to about 300 deg. C before it enters the furnace. This improves the thermal efficiency of the reheating process.

Kawasaki estimates that if a reheating furnace runs at a rate of 300 tons/hr. expenses can be reduced by the equivalent of \$885,000 a year, if an exhaust gas recovery system is used. The company is applying for patents in Japan, the U.S., U.K., West Germany, and other countries.

ELECTRONICS

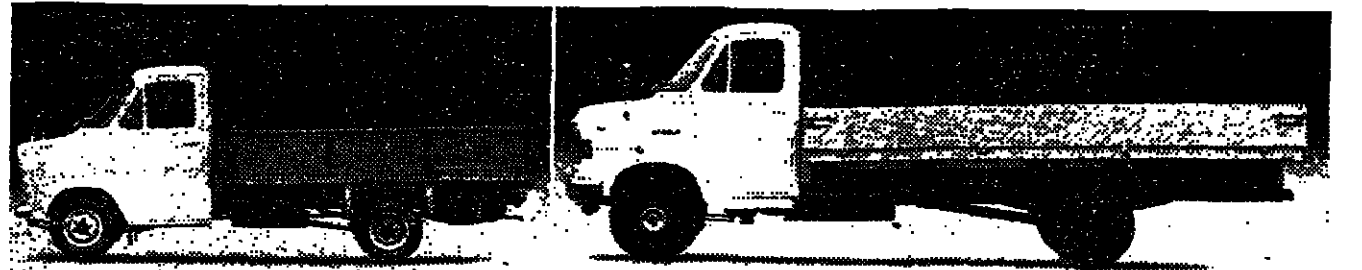
Cuts where space is limited

FOR CUTTING wires in electronic assemblies where space is restricted and conventional cutters are impracticable a thin profile shearing tool known as Microshear 170 has been introduced by Welwyn Tool Company, Stanbills House, Welwyn Garden City, Herts. (Welwyn 29121).

The tool is able to handle round leads up to 0.04 inches (1 mm.) in diameter or flat leads of equivalent cross section area. The overall length of the shears is five inches and the weight 1.5 ounces (42 gms.).

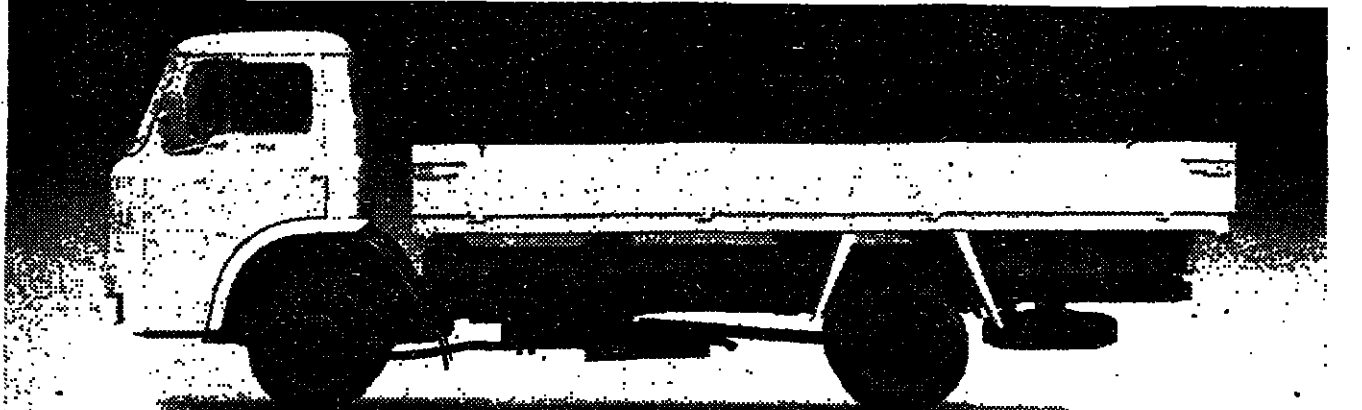
Available as an attachment is a safety clip which holds the end of the lead until it has been cut, preventing damage to circuits and equipment from loose lengths of wire and also eliminating risk of eye injury due to flying clippings.

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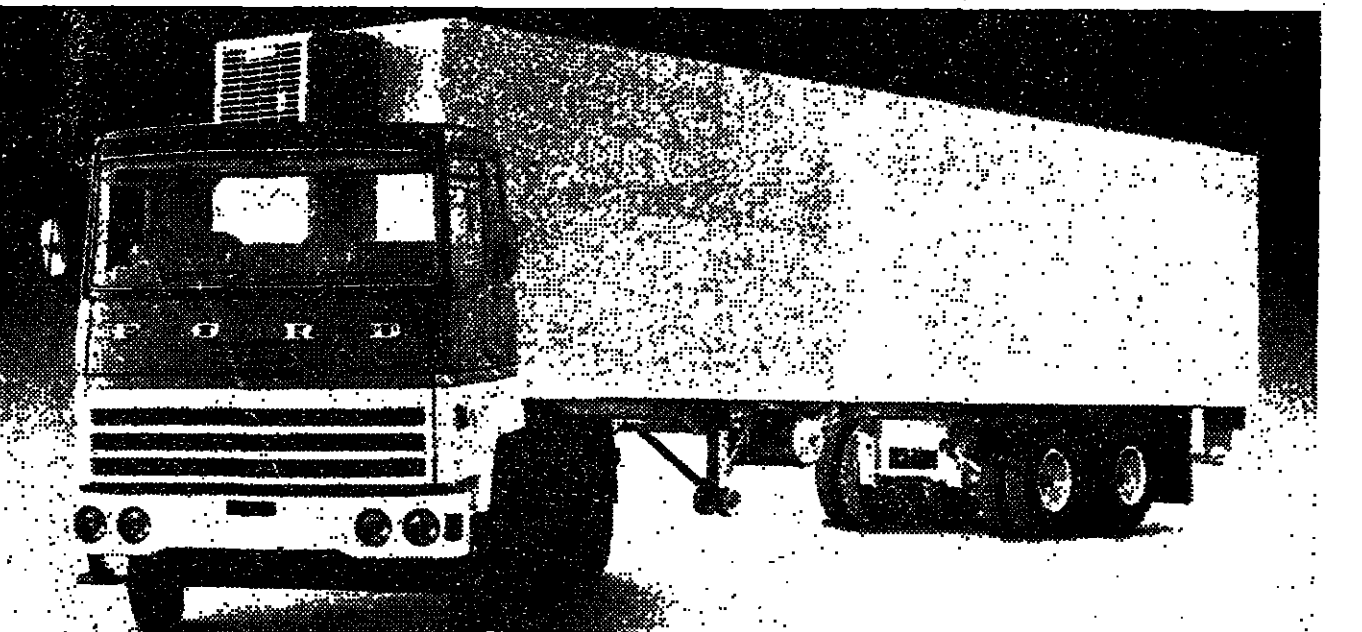
The Go-Between 'A' Series float: 3.5 to 6.3 tonnes GVW, three body lengths from factory.



The Weight-watcher 'D' Series is rated at 7.488 tonnes GVW, so no HGV licence!



The 'D' Series tandems: 17 to 24 tonnes GVW. (Four-wheel rigids go up to 16 tonnes.)



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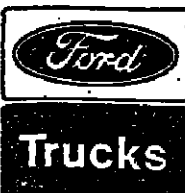
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HOME NEWS

Booby-trap deaths blow to Ulster peace hopes

BY OUR BELFAST CORRESPONDENT

BELFAST, July 17.

A BOOBY-TRAP bomb explosion in South Armagh today in which two soldiers died and two were presumed killed has dealt the most serious blow yet to the fading hopes for any prolonged continuation of the IRA ceasefire.

The Provisional IRA at Crossmaglen admitted responsibility. It said it was its "answer to the deaths of two men" and to "the continued presence of the British Army."

The dead are Major Peter John Willis, Green Howards, from Chester; and Warrant Officer Edward Ganside, a bomb-disposal expert, from Chesham, Gwent.

There have been no indications that the Provisionals are at the point of a formal and full-scale resumption of hostilities but relations between them and the Army have worsened considerably in the past few weeks and the number of incidents has increased.

The soldiers are the first to be killed in Ulster since February 8, when a sergeant died in a gun

battle between the end of the IRA's Christmas ceasefire and the beginning of the present one.

This latest incident, coupled with the shooting attacks on soldiers in Belfast this week, raises the question of whether the ceasefire is now merely a state of limited hostilities.

There are signs that Ulster is talking itself into a war with widespread predictions of large-scale violence before the end of the year.

Protestant politicians and paramilitary groups are convinced that the IRA will resume its campaign by then, and the paramilitaries claim to be prepared to deal with this situation.

Whirlwind

The Ulster Loyalist Coordinating Committee, which includes a number of paramilitary organisations, and the Ulster Workers' Council, called on Ulstermen to "prepare themselves" to defend themselves. One of its leaders, Mr. Glen Barr, said he believed

a "holocaust" was coming. The Rev. Ian Paisley, commenting on the South Armagh explosion, said the Ulster Secretary, Mr. Merlyn Rees, "had sowed the wind of the IRA ceasefire and was reaping the whirlwind."

The MP for South Belfast, the Rev. Robert Bradford, said the IRA was engaged in a programme of "reconstruction" which the Government must stop.

The Government itself, while sticking to its policy of responding to whatever the level of violence may be, would still see the only real hope lying with the Constitutional Convention.

In this context, it was disclosed today that the Alliance Party will begin a series of talks with the Unionist coalition on August 1.

This is part of the attempt to find broad agreement of the role of the minority in Government through the talks before the convention resumes on August 19. The SDLP will also start talks about the same time.

M and S buys part of Biba site

MARKS AND SPENCER is to buy part of the Biba site in High Street, Kensington. The deal will fill a gap in Marks' chain of London stores and mean that Biba will return to a style of trading nearer its boutique origins.

It has been known for some time that British Land, the controlling shareholder of Biba, has been disappointed with the store's performance and that the company has been looking for a buyer for at least part of the site. Marks and Spencer, which has stores in almost all London's other prime shopping areas, was an obvious contender.

The purchase will give Marks 52,000 square feet of sales space on two floors—slightly smaller than the Marble Arch store. Marks will take possession in March of next year and the store should be opened in the autumn of 1977.

Biba began trading as a boutique in the sixties at the height of the "Swinging London" era. Over the years it moved into larger and larger stores, eventually ending up in Derry and Toms old site in Kensington High Street. By this time, Dorothy Perkins had bought controlling interest in Biba. In 1973 Dorothy Perkins was itself taken over by British Land, which already owned the Derry and Toms site.

Under the plans announced yesterday, Biba is to be reorganised so as to enable it to trade in a reduced area though British Land said yesterday that no decision had been taken as to the exact nature of the reorganised Biba store.

The total Derry and Toms site has a frontage of 276 feet. Marks has only bought 119 feet.

June unit trust sales down 22%

By Christopher Hill

UNIT TRUST sales fell by 22 per cent in June from £34.04m. to £26.53m, following a much smaller fall in May.

Repurchases were also lower, at £11.01m. compared with £13.54m., leaving the net level of sales almost £5m. down at £15.53m.

During June share prices fell—the FT All-Share index dropped 141 per cent—and this has had a clear impact on unit trust sales, though there has been no corresponding rise in repurchases. The monthly average for sales this year is £22.5m.

Repurchases were lower than those in the three previous months although higher than those of the first two months of the year. But net new investment is the lowest so far this year against the monthly average of £18.7m.

Total net new investment for the first half year amounts to £112m., almost treble the £40m. recorded for the period of 1974. This still leaves it some way below the 1973 level of £130m., which is possibly a better basis of comparison.

The value of funds under management also reflects the downturn in the U.K. market at £22.2bn. for June against £24.4bn. for May. But it is still a great deal higher than the £17m. reached in June 1974.

The number of unitholders' accounts is also marginally lower just touching 2.2m.

The sales for June include the initial launch of the Anson's Gibbs Capital and Income Funds, but these should not have influenced the outcome unduly.

The extent of the fall in sales lends weight to the suspicion expressed by some managers that the great deal of the figures would have been lower but for the transfer of money from life assurance managed funds into unit trusts.

Nation Life: Hopes on interim payout

POLICYHOLDERS in Nation Life Insurance Company, which crashed a year ago, could hope shortly to see an interim payment of "up to 50p in the pound". Mr. Ian Edwards-Jones, QC, for Nation Life's liquidator, Mr. Gerry Weiss, said in the High Court yesterday. But in a statement yesterday Mr. Weiss said he could not at this stage be bound to any specific figure.

Assets so far realised might amount to about half the company's ultimate liabilities, and further substantial assets had yet to be realised. Mr. Weiss added:

While he would make an interim distribution as soon as he had the court's authority to do so, he could not at the moment bind himself to a specific amount, because other factors had to be taken into consideration.

In yesterday's court hearing, recommendations by independent actuaries on technical questions as to the way the policyholders' claims should be evaluated, met with broad approval.

The recommendations have been put before the court by Mr. Weiss, who is seeking directions from Mr. Justice Templeman about how the company's assets should be divided among holders of 26 different kinds of policy.

Machine tool orders down 6% in first quarter

BY LORNE BARLING

THE CONTINUING recession in the U.K. machine tool industry is reflected in Department of Industry figures for the first quarter of the year, which show a continuing decline in orders on hand.

By the end of March total order books had eased back by value to a level six per cent lower than at the end of December and eight per cent less than the record level of October last year.

The magazine Trade and Industry, published yesterday, said that orders outstanding for the home market showed a decline of nine per cent compared with the end of December while export orders were down by only three per cent. The level of overall order books in the first quarter had risen by 10 per

cent compared to levels a year ago.

"This modest rise over a year is mainly as a result of expansion of orders on hand for the export market which rose by 25 per cent, while those for the home market fell back slightly, by three per cent," it added.

The value of total new orders received in the first three months of the year fell by 12 per cent, when compared with the preceding quarter. This was the lowest level since the first quarter of 1973.

Although new orders originating from the home market dropped by seven per cent, new export orders upon which many manufacturers have been relying fell more sharply by 18 per cent.

When compared with the first quarter of 1974, the flow of new

orders received had fallen by 25 per cent, with those from overseas down 30 per cent, and home orders off by 21 per cent.

"The low level of new home orders received, especially in volume terms, reflects the general weakening of investment activity in the economy," the Department said.

It added that, although activity in the industry remained relatively high with current value sales 36 per cent greater than a year ago, much of this reflected the effect of price increases.

The fall in orders from all sources has continued the downward trend apparent since the middle of 1974 and reflects the general weakening in investment demand both at home and abroad.

BSC plans to make 70m. tons a year by 1999

Financial Times Reporter

THE BRITISH Steel Corporation is planning to make 70m. tons of steel a year by the end of the century, Sir Monty Finiston, its chairman, told a steelmaking conference in Sheffield yesterday.

But manpower needs, he added, "may not be as many" as the Corporation's current level for producing 25m. tons of steel a year.

There would be a growth industry, but only as far as output was concerned. It was a declining industry from the manpower aspect.

Sir Monty forecast major changes in the pattern of employment in the steel industry and the methods of training. "People would be changing jobs far more often and the tradition of men starting in the steel industry in their teens and continuing to work for steel for the rest of their working life was disappearing," he said.

Despite recent substantial developments in electric arc steel making in Japan, the British concentration, in the Sheffield/Rotherham area, was still a world leader, he said.

There would have to be attention in the future to alternative feedstocks for the arc furnaces currently using a large percentage of scrap. One of the alternatives would be direct reduced iron pellets.

BSC had already announced the development of a plant at Hunterston, in Scotland, to produce these pellets. Sir Monty said he was not yet allowed to reveal the size of the project, but it would involve a production of "hundreds of thousands of tons" of pellets.

Overseas computers 63.9% of U.K. market

By Christopher Lorenz

FOREIGN OWNED computer companies held 63.9 per cent of the £1.19bn. U.K. market at the end of last year, according to official figures released yesterday by the Government.

The most surprising aspect of the figures, compiled from the National Computer Index, is that they give IBM only 37.7 per cent of the total market value, well below the range of 40-45 per cent estimated in several recent independent surveys, including the influential EDP Europa. Honeywell and Univac are also given lower shares (6.2 per cent and 4.2 per cent, respectively) than in other studies.

British ICL, in contrast, is given 31.7 per cent, well within the range of 28-34 per cent estimated by EDP Europa. The rest of the market is made up of 1.7 per cent, Digicom, 0.3 per cent, and others 0.3 per cent.

A breakdown of the market into four sectors puts private customers way out in front, accounting for about 65 per cent of the total, followed by central Government with 18 per cent, public corporations 12 per cent, and local government 5 per cent.

The breakdown of the central government market, 18 per cent of total, shows that 57 per cent of local government, 47.7 per cent of public corporations, and only 24.4 per cent of the private market (all by value).

Taking the same sectors in 1972, ICL is given 30.9 per cent, 23.7 per cent, 23.7 per cent, and 18.8 per cent of local government, 22.4 per cent of public corporations, and 45.4 per cent of the private market.

The fact that ICL's best sector share is the local government area, whereas the British industry as a whole does best with central government, is accounted for largely by the fact that GEC and Ferranti have a 4 and 3.9 per cent, respectively of the central government market, but a combined total of only 1.6 per cent of local government.

"Notional values" gives U.K. owned companies an installed base worth £433.6m., compared with the foreign-owned share of £765.5m.

Government tourist policy worries agencies

BY ARTHUR SANDLES

TOURIST AGENCIES have told the Government that crucial elements in its new tourism philosophy are in danger of being counter-productive. Cure for the "collapsing" tourism industry, they say, is to protect the mainstream flow of tourists and foreign cash into Britain.

The British Tourist Authority and the English, Scottish and Wales Tourist Boards have replied to Mr. Peter Shore's tourist policy guidelines.

They say that any new policy must protect what has already been won. Mr. Shore suggested a switch in emphasis in foreign publicity to less popular tourist areas, and hinted at a cut in the promotional budget.

They say that the basic earnings of the industry in traditional areas, as well as fostering it in lesser-known parts of the country, can current levels of regional economic benefit be maintained, says the reply.

"Experience in other countries demonstrates that tourist traffic can fall away rapidly if inadequate support is made to sustain it."

The Boards say they do not accept that "in the longer term there should be no increases in resources allocated to tourism, although they do accept the Government's position that in the present economic circumstances additional Exchequer resources cannot be made available."

On the request to cut expenditure on generalised promotion, the Boards say "a general image of Britain is essential if it is to be an effective presence in the market place, both at home and abroad; and in addition, the Boards are already undertaking more specific marketing activities where appropriate. Commercial support for marketing less-known parts of the country will be difficult to achieve."

Airports Authority acts to boost revenue as profits fall

BY LORNE BARLING

THE BRITISH AIRPORTS Authority's pre-tax profit fell by almost a third to £8.4m. last year, compared with £11.8m. the previous year. This followed a drop in passenger traffic. As a result, it said yesterday that revenue must be boosted this year to meet rising costs.

Mr. Nigel Foulkes, the authority's chairman, indicated in London that he would seek to increase by 12 per cent the price of duty-free spirits sold at BAA airports, and also raise landing charges.

He stressed that the authority's policy of holding down operational charges by expanding profitable commercial undertakings would continue.

Costly landing

Presenting the BAA accounts, Mr. Foulkes said that landing charges had been unchanged for three years, but with the energy crisis, traffic and landing-fee income declined slightly, costs

rose by 25 per cent, and that side of the business made a loss of £4m.

Commercial operations such as shops, car parks, restaurants and others increased their trading profit by £1.5m. to £14.5m.

In the longer term, he warned, there would probably be a significant growth in overall traffic in the next two or three years due to the depressed state of the air transport industry. Last year passenger traffic decreased overall at BAA's five airports by 3.3 per cent, the first fall in many years.

As a result, net return on assets had fallen from 18 per cent last year to 11.5 per cent, and the Government target of 15 per cent was unlikely to be reached in the foreseeable future.

Big investments had been made in Scottish airports, which were unlikely to be profitable for some years, and the £70m. development of Gatwick was intended to make it a major European airport, Mr.

Foulkes said. It would take an increasing amount of the traffic which would otherwise have gone to the now cancelled Mapple airport or to Heathrow.

There were plans to build a fourth terminal at Heathrow, but this would be undertaken only when investment in Gatwick began to show some return.

He added: "BAA's present plan assumes that there will be no new airport in the South-East in the next 15 years, and that the development of existing airports will involve no new runways."

On Concorde, Mr. Foulkes said that the Authority was providing special check-in desks at Heathrow, and two docking facilities, which would cover the same area as one used for a wide-bodied aircraft.

He admitted that complaints about noise from Heathrow had increased since the start of the Concorde routes, proving flights last week. These were being passed on to the Department of Trade.

British Airways helicopter lease

BY LORNE BARLING

BELFAST, July 17.

BRITISH AIRWAYS is to lease four heavy-lift helicopters to Shell (U.K.) Exploration and Production for work in the North Sea oilfields over the next five to eight years. The people and a loaded range of 15m. contract was signed yesterday.

British Airways, which already owns 13 of the Sikorsky S-60N helicopters and operates them mainly for oil companies working in the North Sea, will

buy three more soon at a cost of £3.6m.

The aircraft, one of the few of sufficient size to meet North Sea requirements, carry 30 people and a loaded range of 15m. contract was signed yesterday.

The contract with Shell, believed to be the biggest of its kind ever signed, gives the company a cost advantage over hiring aircraft on a short-term basis.

Shell said: "It shows our confidence in British Airways Helicopters and Shell's continuing involvement in the development of North Sea oilfields."

The managing director of British Airways Helicopters, Captain Jack Camberlain, said: "This contract assures Shell of the helicopter support in their efforts to bring Britain's oil ashore."

Inland Revenue sets out transfer tax rules

BY MICHAEL BLANDEN

THE PRINCIPLES of "grossing up" under the new capital transfer tax and the methods of calculating tax on lifetime gifts have been set out in a new explanatory memorandum published by the Inland Revenue.

The memorandum includes tables designed to help calculation of the amount of tax payable. These provide for calculating the total tax due on the cumulative total of chargeable gifts including the latest gift.

The difference between that total and the tax previously payable is the amount due in respect of the latest gift.

The tables are important because the tax is chargeable on a cumulative basis on gifts during the lifetime of the donor, and because the complications resulting from the grossing-up procedure.

Grossing-up arises where the donor is to pay the tax on the

gift. The amount chargeable to tax is the amount by which his estate is reduced as a result, thus including the tax paid by the donor.

Where tax is paid by the recipient, however, tax is calculated on the value of the property passed to him.

The tables enable a donor to work out the sums involved either to reduce his own estate by a given amount—how much he will pay in tax and how much will be left for the recipient—or how much tax he will have to pay in order to give a certain amount to the recipient.

Because of the nature of the tax, a cumulative record of all gifts made by a donor since 1972 is needed to determine the tax payable on any particular occasion.

Inland Revenue, Capital Transfer Tax Tables, Form 212.

Workers compensated during plant refit

By Peter Cartwright, Midlands Correspondent

MORE THAN 400 workers at Eaton Corporation's materials handling division at Wednesfield (Staffs) are to get £220-£250 each "welfare payment," as compensation while being laid off for ten weeks from August to mid-October.

Most of them have been on four-days a week making fork lift trucks for the past three months. "With this payment, unemployment pay and income tax rebate, some of the lads will be picking up a good deal more than on four days," a union official said.

Eaton, which recently devoted £750,000 to improving production, is now using the time to install further equipment ready for the expected upturn in demand for fork trucks next year.

Mersey docks chief pins hopes on world trade recovery

BY OUR MERSEYSIDE CORRESPONDENT

THE CHAIRMAN of the Mersey Docks and Harbour Company, Mr. John Page, was cautiously optimistic about the immediate trading prospects of the Port of Liverpool at the annual meeting attended by about 200 bond and stockholders in Liverpool yesterday.

He said it was virtually impossible to predict with any certainty trade prospects for this year. While there had been a general down-turn in import trade nationally of more than 7 per cent, exports had increased slightly by some 3 per cent.

"Whether these trends continue for the rest of the year and into next year remains to be seen but there now appears to be some hope, and it is only hope, that 1976 will begin to see an improvement in the economic scene."

"We now have a bigger percentage share of the reduced national market but our im-

proved trading in the second quarter of this year was an improvement only on the not very good trading in the first quarter which was due to a large extent to the continuing after effects of the industrial troubles during 1974."

In the short term, he foresaw great difficulties in the overall trading position while there is a recession. The port was not attracting anything like enough containers partly due to an over supply of container handling facilities in the U.K. He went on: "However, world trade eventually will pick up again and, if we maintain our present improved service, we should make the most of the opportunities that will be there for us to take, but this is in the longer term."

The annual report and accounts, which showed an overall loss of £4.13m. reduced by Government grants of £3m. to a net-loss of £1.1m. were approved. Some shareholders were critical,

however. One described the report as a catalogue of failure, and another a tale of woe. A third asked if the directors were waiting, as their predecessors had done, "for salvation from nationalisation."

The re-election of two retiring directors, Mr. J. P. Bingham and Mr. G. L. Tiltson, recommended by the Board, were defeated on a show of hands. Miss Margaret Moston, of Birkenhead, one of the leaders of the campaign by the stockholders opposing the capital reconstruction of the company some years ago, then proposed from the floor the election of Mr. Peter William Heath, a partner in a firm of London stockbrokers. He played a prominent part in the High Court action on the write down of the capital.

A poll was taken but as only those present were allowed to vote under the articles of association, the proxies will ensure the re-election of the two directors.



Mr. Edward Heath presenting the Financial Times trophy in London yesterday to the team that won the 1975 National Management Game. The four players from the Littlewoods Organisation of Liverpool, accumulated a paper "profit" of £8.71m. Our picture shows (left to right) Ian Clark, a project manager; George Cochrane, salaries manager; David Anderson, merchandiser; Mr. Heath; and Iain Johnson, packaging technologist. Second place in the contest went to two married couples from Harrow. David Duncan, who works for MPA pensions consultancy, and his wife Judy; and Nick Smith, a staff member of British Gas, and his wife Shirley, employed by Book Club Associates.

Pensions may escape pay freeze

BY ERIC SHORT

IT WOULD now appear that the Government has not ruled out the possibility that pension and other allied benefits could be excluded from the anti-inflation proposals.

It had been thought that the Government's long-term pensions policy and the further development of private occupational benefits were specifically exempted from any legislation.

Yesterday, however, it became apparent that the Government was attempting to clarify the position. The Department of Employment stated that pension rights were included in non-wage benefits that would come

within the £5 a week pay-rise limits.

This attitude was in conflict with previous attempts at drawing up an incomes policy by the Heath Government when new or improved occupational benefits were specifically exempted from any legislation.

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Building societies attract record £1.67bn. funds

BY JOE REYNOLDS

THE BUILDING societies had their most successful half-year in attracting funds between January and June. The net inflow recorded £1.67bn. compared with £235m. and £303m. respectively for the first and second halves of 1974.

The outlook for those seeking mortgages seems to be good at least for the rest of this year. There is little likelihood of the mortgage rate being cut in the near future.

As well as having a healthy inflow, the societies have a large amount of money in liquid form. This means they can pay about £4.3bn. or about 19.5 per cent of total assets compared with about 16.3 per cent a year ago. Should net investment fall off in the coming months, this should ensure that the societies are able to continue lending at their present rate of about 5.50m. a month.

It is estimated that this year the societies will lend nearly £2bn. to about 600,000 home buyers. This is about the same number of borrowers as at the height of the property boom in 1972.

Presenting the half-year results in London yesterday the chairman of the Building Societies Association, Mr. Raymond Potter, said the societies aimed to maintain a stable market in housing. He emphasised that if there was a danger of the market overheating there were contingency plans to restrict the amount of mortgages lending.

Prices are rising much more slowly than the general level of inflation. According to the BSA's own index, they rose by 4 per cent between the first and second quarters of this year and by only 2.7 per cent between the end of December and end of March this year.

HOME CONTRACTS GKN £7m. diesel engine project

THE £7m. two-year investment programme being undertaken by GKN to install advanced forging equipment, primarily for the European automobile industry, has taken another step forward with the start by Wilkins and Mitchell, the Darlington-based press makers, on a £1.5m. contract for Scottish Stamping and Engineering, Ayr.

The 5,000-ton press, which will be the largest ever installed in this country, is the first outcome of the partnership formed last year with Sumco A.G. of West Germany, to whose design the press is being made. But all manufacture and assembly will be undertaken at Wilkins and Mitchell's Darlington and Scottish factories.

This investment is mainly to provide crankshafts and other components for diesel engines, world demand for which is expected to double by 1980, and matches the expansion being undertaken at Peterborough by Perkins Engines, the world's largest maker of diesels.

HOWDEN OIL ENGINEERING, a member of the Howden Group, has won two orders worth a total of £280,000 from Matthew Hall Engineering. The orders are for Howden Metrol separating equipment to be used by Mobil Exploration Norway Inc. on their Statfjord Project.

CROWN HOUSE ENGINEERING has recently received orders for mechanical and electrical services worth £3.41m. They include a mechanical services contract at Gatwick airport worth £2.3m. and another at Edinburgh airport worth £1,000,000.

GEORGE WIMPEY AND CO. has received two contracts together worth more than £500,000 from the Corporation of Manchester for housing for elderly people. Both contracts are to be started shortly and to be completed by August 1976.

MURHEAD has won a Post Office order worth almost £250,000 for the supply of 48 Kilobits/sec for use by its high speed data transmission service. A modem is a device which converts data signals into a form suitable for transmission over Post Office networks.

BEKEN ENGINEERING, Barking, Essex, has received an order worth about £100,000 from Esso Chemical for a heavy duty, slow speed mixer designed to operate

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Some of Metal Box's most promising developments have nothing to do with metal boxes.

It comes as no surprise to most people when they learn that Metal Box is Europe's largest manufacturer of cans and canning machinery.

Something to do with our name, probably.

What does tend to surprise them is the fact that an increasing share of our production is in non-metal containers; plastic, board and paper.

And the fact that we've been responsible for introducing the UK to some of the most advanced products in the field.

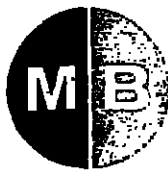
One of the containers in the picture is a "retortable" sachet in which food can be pre-cooked, and which doesn't require storage in a refrigerator.

Others have been created to solve special problems; to reduce or to eliminate bacterial action on foods, to protect contents from damage or discolouration and in general to provide economical and functional vehicles for the goods inside.

Another development we're working on is a new kind of plastic bottle—as strong and attractive as glass, but much lighter.

It's this kind of diversity that has helped Metal Box double its world sales to £455 million since 1970; it's this kind of expertise over the whole range of functional containers that has enabled us to help some of the world's leading manufacturers solve basic technical and marketing problems.

And it's this kind of active development that will keep Metal Box growing.

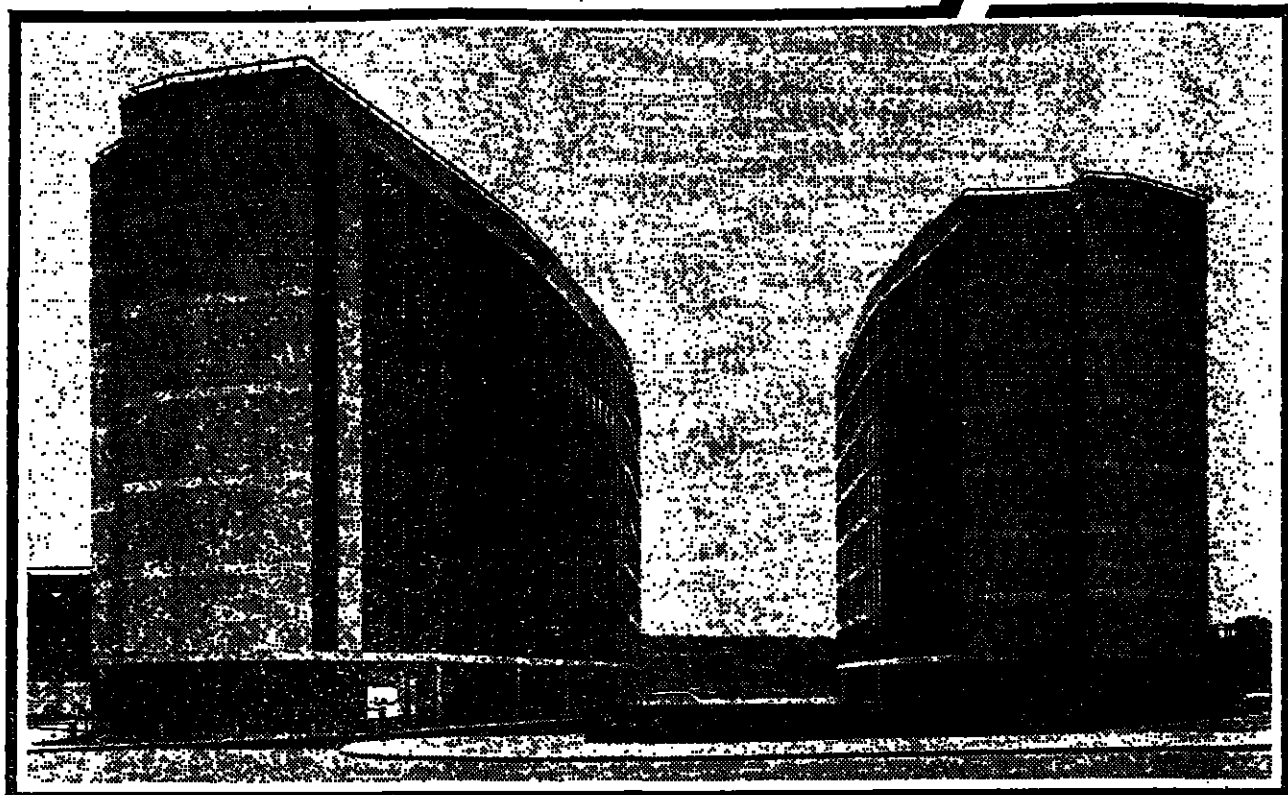


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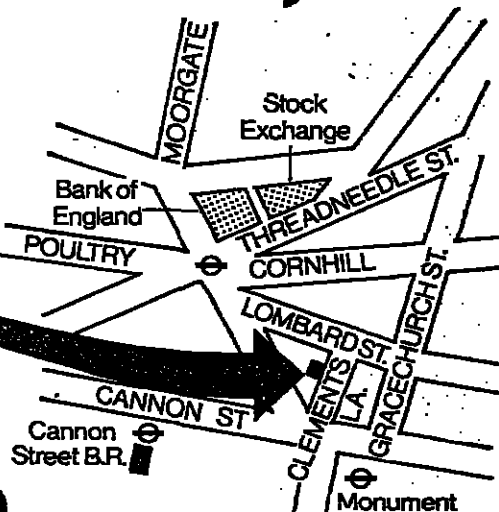
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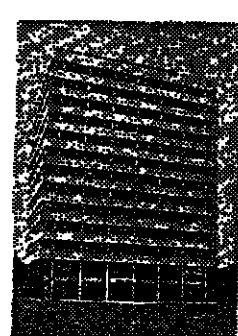
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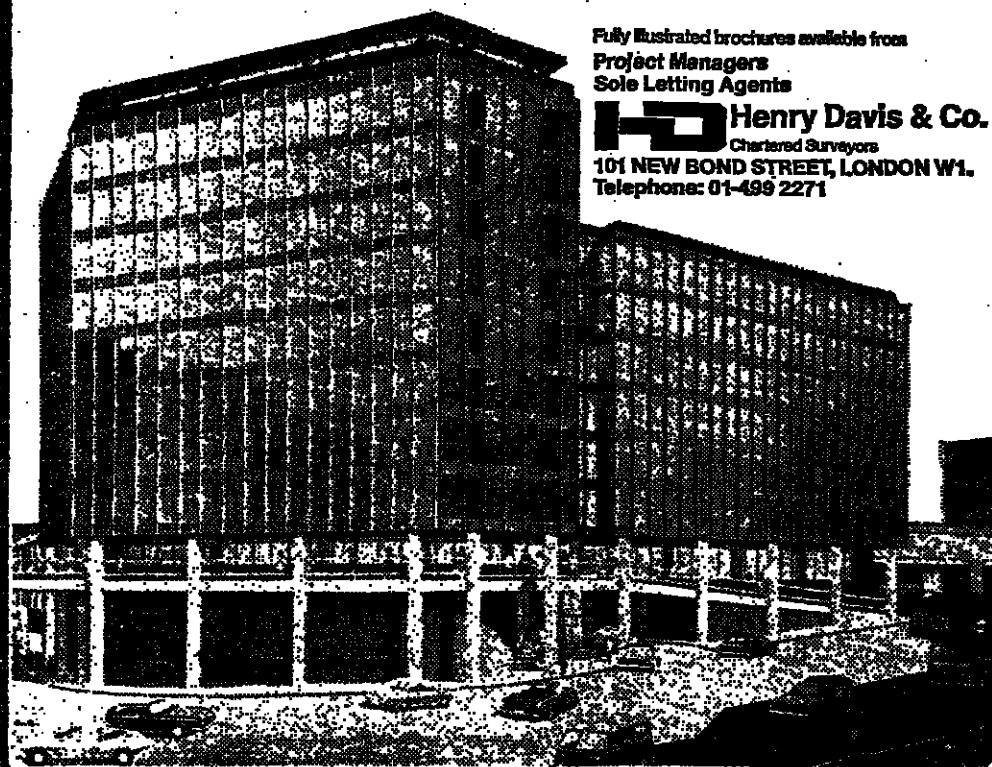
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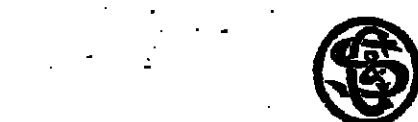
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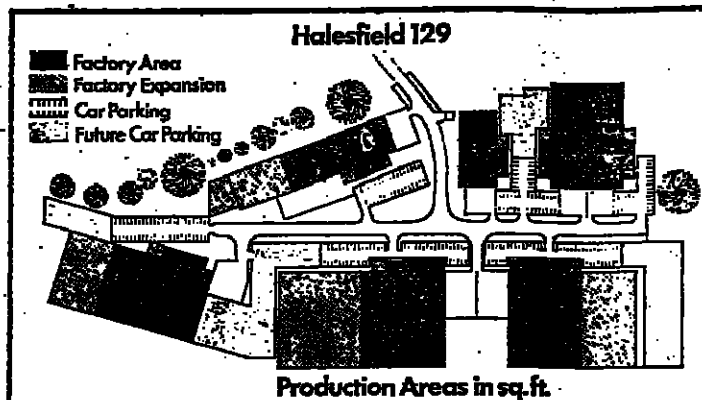
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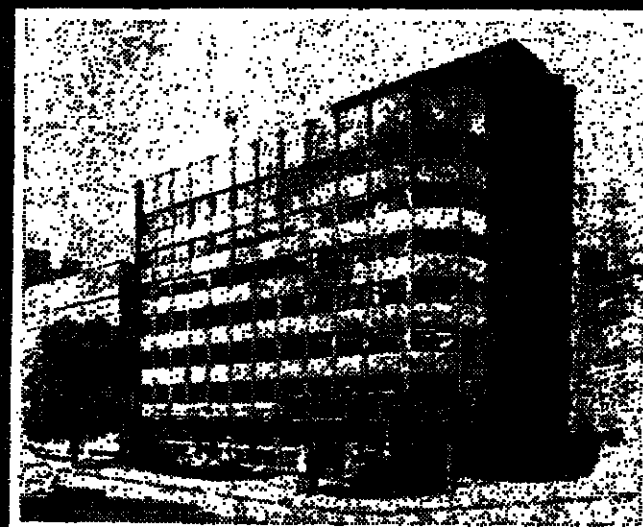
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PARLIAMENT



MPs probe reserve powers mystery

LEADER of the Commons Mr. Edward Short yesterday refused to let MPs see the Bill containing reserve enforcement powers before next week's debate on the Government's anti-inflation proposals.

"I don't think any useful purpose would be served by this Bill is not part of the White Paper," he told Tory MPs.

He had been challenged by Opposition Leader, Mrs. Margaret Thatcher to let MPs have "a sight of the Bill" before they debated the White Paper.

Mr. Short said that the White Paper "referred" to the reserve powers. He went on to say that the White Paper was not a "sweeping" document and that it was not necessary to introduce it.

But Mrs. Thatcher again complained that they should at least see a draft of the Bill.

There were more angry shouts from the Opposition when Mr. Short said: "It is not part of the anti-inflation plan and there is no intention of putting this Bill through the House at present—I hope there never will be."

Liberal Leader, Mr. Jeremy Thorpe, also urged the Government to let MPs see what the reserve powers were. "For many of us this is highly relevant to the view we take on the White Paper and the Bill next week."

Mr. Short replied: "I think everyone knows what the Bill contains."

Later, replying to Mr. Peter Walker (C, Worcester), Mr. Short agreed to tell the Prime Minister what Mrs. Thatcher and Mr. Thorpe had said.

Mrs. Audrey Wise (Lab, Coventry S.W.) said many Labour MPs were completely dissatisfied with the notion that they could accept something "slight unseen."

She suggested the House might be recalled during the summer recess. "It will be completely unsatisfactory for us to rush back to hastily pass a Bill, or consider it when we have not seen it."

Shadow Leader of the House, Mr. John Peyton, suggested Mr. Short should make a statement today on the matter. He found it difficult to accept the "novel doctrine" that a document was not a State document until it had been tabled.

Mr. Short promised to pass on the feelings of the House to the Prime Minister. He could give no undertaking to make a statement today.

Little impact on borrowing

OBSERVANCE of the 55 limit on wage and salary increases will make little impact on the public sector borrowing requirement, MPs were told yesterday.

Mr. Edmund Dell, Paymaster-General, stated in a Parliamentary written reply that the 55 limit will not significantly change the forecast public sector borrowing requirement for this year, since the consequent reduction in public expenditure is likely to be broadly offset by the reduction in tax receipts.

In a further answer, Mr. Dell stated that strict adherence to the 55 limit would enable the Government to meet its price target of a year-on-year increase of 10 per cent in the retail price index by the end of the year.

"On this assumption," he stated, "the purchasing power of the pound will be about 91p in the third quarter of next year compared with its value in the third quarter of this year."

Complaints procedure speeded up

THE GOVERNMENT was defeated in the Lords yesterday on the committee stage of the Sex Discrimination Bill. Peers voted 85-43 in favour of an amendment aimed at speeding up examination by the Education Secretary of sex discrimination complaints.

Lady Seear (L.) said that under the Bill, the Minister had four months to consider complaints. Her amendment, reducing this to two months, was accepted.

Lady Seear cited the example of a girl student refused admission to a technical drawing course on the grounds of her sex. "By the time a decision was made she could have given up hope and taken up embroidery," she declared.

No breach of privilege, says Speaker

ALLEGATIONS that the Government's recommendation for MPs pay had been leaked to the Press was not a breach of privilege, the Speaker, Mr. Selwyn Lloyd ruled yesterday.

He said: "While I am not expressing any general opinion as to the propriety of information and rules of privilege I do not think this case justifies taking precedence over the orders of the day."

No...er I mean Yes

BY PHILIP RAWSTORNE

MR. EDWARD SHORT, tripping over a Commons question laid for the absent Prime Minister yesterday, was none too gently picked up and dusted down by Labour as well as Tory MPs.

Was he satisfied with the Government's progress in implementing the Queen's Speech programme? Mr. Tim Renton (C, Mid-Sussex) demanded.

"No, sir," Mr. Short replied firmly—then peering more closely at his papers as the Tory backbenchers exploded in laughter, he recognised his mistake. "The answer is yes, sir," he said.

Mr. Renton professed to some disappointment that Mr. Short had not stuck to his original and "unusually frank and honest" reply. And so did a number of Labour backbenchers.

"Surely you read the right answer first," said Mr. Eric Heffer, the former Minister of State for Industry. "We have retreated from the original proposals because of pressure from the CBI, the City of London, and the Tory party."

Mr. Heffer demanded assurances that the Government would now stand firm against the calls to abandon its nationalisation measures.

For once, Mr. Short stood shoulder to shoulder with him. There had been no retreat, he protested, merely a slight adjustment of position.

But Mr. Short was kept on the hop—placating Mr. Roy Hughes (Lab, Newport) with the promised public ownership of the ports; soothing the anxieties of Mrs. Rene Short (Lab, Wolverhampton NE) about mounting unemployment.

The prevention of unemployment was basic to the whole existence of the Labour party, he declared. "But, the overriding consideration is to curb inflation, the biggest cause of unemployment."

Hadn't the Queen's Speech mentioned something about doing that through the social contract? Mr. Robert Adley (C, Christchurch) demanded fiercely.

"The Prime Minister, in putting forward that cure-all, either perpetrated a deliberate fraud on the electors or was guilty of a stupefying level of political naivete," said Mr. Adley. "Which was it?"

Mr. Short retorted: "The social contract is still very much alive." And as the Tories jeered and his own backbenchers remained mournful, he promised them that they would see it in operation again over the next few months.

The message goes on: "We are not going to build a better Britain, a Socialist Britain, on the basis of a return to the fear of social distress which many of us still remember from the years before the Second World War. But unless we can conquer inflation, the nether is the prospect of a return to the fear of social distress which many of us still remember from the years before the Second World War."

Outlining the Government's new anti-inflation package, he cautioned that it will not mean that prices cease to rise immediately.

"Of course prices will still go up. Increases already in the pipeline cannot be stopped and they will work their way through the economy. But if we can hold wage increases to the new limit in the next year, then I believe we will have turned the corner."

If the application goes through, the Government believes that the gas industry should break even this year.

A wilderness—unless we beat inflation, says Wilson

BY JOHN HUNT

A WARNING that Labour's programme of the last two General Elections will be "swept aside" unless inflation is conquered, will be laid out today by Mr. Harold Wilson.

In the latest issue of the party newspaper, Labour Weekly, published today, the Prime Minister appeals to the party rank and file in the country to back the Government's new anti-inflation programme.

"The reality of the present crisis must not be underestimated by anyone," he says. "The party fought the last two elections on a programme concerned with the need for basic changes in the social and economic structure of the country."

"That programme remains our primary objective," the message continues. "But unless we can save the economy from the convulsions of an ever increasing inflation, that programme will be swept aside with much else in our democracy."

In an implied warning against the activities of Left wing extremists, he emphasises that Socialism cannot be built on a collapsed capitalist system. A collapse brought about by inflation would mean "a terrible devastation in which the weakest, the poorest, the unprotected will suffer most."

He conjures up the memory of Europe in the twenties and thirties as an example of what happens when inflation is rampant and he presents this as proof that a Socialist programme cannot be developed in such a situation. It would merely result in "a wasteland of the locusts."

At the same time they should accept the democratic procedure of majority decisions while retaining the individual right to persuade their comrades to a particular point of view by reasoned argument.

"The Labour Party has always embraced varying shades of opinion which subscribe to democratic socialism and a system of democratic government," he stresses.

The Social Democratic Alliance, a group of Labour moderates, embraces Labour's former Parliamentary candidates and constituency party officers.

Mr. Mather said that at a time of high unemployment this was a scandalous and called on Mr. Lyon to make representations to the Home Office as to the need for a Home Office as headquarters for smuggling organisations.

Mr. Lyon replied: "That report, contained in the Sunday Telegraph three weeks ago, was a scandalous falsehood. It is not true, and there is no basis in fact for the assertion that there is a Home Office report, or that there was any estimate of a figure for illegal immigrants. By its very nature, there could not be."

He was replying to Mr. Carol Mather (C, Essex) who said the figure of 1,500 was far higher than the public was led to believe, and was about a quarter of the total number of immigrants admitted to Britain in the first quarter.

But he rejected an Opposition attack on the 25 per cent rate which, Tories contended, was a move towards a multi-rate system involving a value judgment on what goods and services should suffer a heavier tax burden than others.

It was a duty of the Commons to make value judgments and it was being done by the Finance Bill, Mr. Sheldon maintained.

What was needed, in his opinion, was to keep anomalies to a minimum.

"These" assurances, and the "fringe" concessions offered by the Government during the course of the Bill to meet some of the anomalies, did little to placate the Opposition.

Sir Geoffrey Howe, "shadow" Chancellor, reiterated the Tory commitment to restore as far as possible the "simplicity of a single-rate VAT."

The additional rate had already proved as disastrous as the Tories had warned would be the case, said Sir Geoffrey, and he further condemned the procedure adopted by the Government for introducing amendments to the VAT schedule concerned by statutory Order rather than by bringing changes forward as amendments to the Bill.

THE GOVERNMENT'S aim is still to secure a broad and comprehensive approach to commodities trade on the lines suggested by Mr. Harold Wilson at Kingston, Jamaica, Mr. Edward Short told the Commons yesterday.

The Government was satisfied with the progress towards commodity agreements. "We hope there will be a constructive debate on commodities at the seventh session of the UN General Assembly in September," he added.

When asked the estimated annual budget of the new unit, the Prime Minister answered that it had still to determine the requirements of the situation and no estimate had yet been made of its financial needs.

The rate of remuneration of Mr. Geoffrey Goodman, seconded from the Daily Mirror to take charge of the new unit, was still under discussion.

Mr. Charles Birdsall, switched from the Downing Street Press Office to the post of deputy director, received the salary appropriate to his grade as a senior member of the Government Information Service, which was at present £11,360 a year.

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Price curb subsidies for power industries

BY HAROLD SELTER, Industrial Editor

THE GOVERNMENT is to pay £227.6m. to the electricity industry in compensation for price restraint imposed on it during the 1974-75 financial year. At the same time, the British Gas Corporation will receive £42.8m.

In each case the compensation will wipe out the deficits which the two industries will be announcing in their annual reports next week.

Although the Government has expressed its determination to phase out subsidies to the nationalised industries completely by the end of March next year, the compensation payments to electricity and gas are, in fact, higher this year than they were in 1973-74.

For 1973-74 electricity received £176.3m. from the Government (£25.3m. less than in 1972-73) and the Gas Corporation £41.5m. (some £800,000 less).

The compensation announcement was made by Mr. Anthony Wedgwood Benn, Secretary for Energy, in a written Parliamentary answer yesterday.

The Government is hoping that because of recent price increases on plans for rises now in the pipeline, both electricity and gas will come close to breaking even during the current financial year.

Since the Budget, basic domestic electricity tariffs have increased by 23½ per cent and there has also been an advance of 6½ per cent as a result of the industry's automatic fuel cost adjustment mechanism.

As a result, the Government expects that the electricity industry will not record more than a small loss during 1975-76. The British Gas Corporation has an application before the Price Commission at the moment for an average 20 per cent price rise to take effect from this autumn.

If the application goes through, the Government believes that the gas industry should break even this year.

U.S. to see Magna Carta

BOTH HOUSES of Parliament yesterday decided to lend the Magna Carta to the U.S. for a year.

They agreed to ask the Queen to direct that one of the two original copies of the document, dated AD 1215, should be loaned to Congress to mark the 500th anniversary celebrations of the U.S.

After pointing out that one-third of short-time in the country is being worked in the West Midlands, Mr. Hazell singles out inflation as the biggest single problem.

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"It is here that the full repercussions of the Ryder recommendations will be felt," Mr. Hazell writes.

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Cash aid in the balance as NVT shows new models

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

WITH AN EYE to the expected announcement on the future of Government aid to Norton Villiers Triumph, the motor cycle company yesterday made a vigorous effort to win support for its financial demands with a show in London of three prototype machines.

If the company was not granted the money it needed none of the models was likely to see the light of day, said Mr. Dennis Poore, chairman of NVT.

The Government must be made to "appreciate what a valuable asset the country has in this industry and what a tragedy it would be if it were lost together with the 10,000 jobs of the people employed."

NVT has estimated that to create a viable motor-cycle industry at three different factory locations—as at present—would demand in the region of £40m. The question is now whether Mr. Eric Varley, the new Industry Secretary, will be amenable to further support to the industry (which has already had in the region of £10m. plus other Government guarantees) on this scale.

Yesterday, Mr. Michael Heseltine, Shadow Industry Secretary, added force to the growing rumour that the Government will be reluctant to make further aid available when he expressed his doubt at the NVT meeting that the Government will shore up the three factory system.

Mr. Varley is at present waiting for the final touches to be put to a report on the industry by the Boston Consulting Group, of London. On the basis of this, he will make the tricky decisions on the future of the industry, which at present embraces the two factories under the wing of NVT, plus the Meriden Co-operative which sells its Triumph Bonneville machine to NVT for distribution.

Workers within NVT have the threat of a three-day week hanging over them because of the dramatic down-turn in the American market this year. But in the longer term there is also a pressing need to introduce a new range of machines which will supply the volume needed for the three factory system.

Hence the show of prototype models yesterday—highly unusual in the motor industry—to demonstrate that NVT has plans which could justify more Government investment.

The largest machine was a new 750cc superbike—the Norton Challenge—which is being developed for the racetracks this year. Describing it as a "big event in the British motor cycle industry," the first of its kind for 40 years, Mr. Poore said it was intended specifically for quantity manufacture.

Also on show were a 125cc lightweight machine and a 50cc moped.

Midlands redundancy warning

BY OUR MIDLANDS CORRESPONDENT

IF THE Ryder Report on British Leyland helps to match U.K. vehicle manufacturing productivity with that of European producers, redundancies in the West Midlands—where the biggest impact of Ryder will be felt—could run to 100,000.

This assessment is made by the West Midlands Economic Planning Council in a letter Mr. Quinton Hazell, its industrial chairman, has sent to Mr. Denis Healey, Chancellor of the Exchequer.

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The Executive's World

EDITED BY JAMES ENSOR

MARKS AND SPENCER

Tiptoeing into Canada

BY ELINOR GOODMAN

IMAGINE A Marks and Spencer shop with changing rooms, piped music and models in the window and you have some idea of what sacrilege is being committed in the name of St. Michael. 4,000 miles away in Canada, Marks and Spencer's 24 Canadian stores is like playing the children's game of spot the difference. At first sight they look just like any one of the company's smaller branches in England. Looked at more closely the differences emerge: carpets on the floor, slightly gaudier merchandise, coloured walls and notices saying Marks accepts credit cards, to say nothing of the piped music and changing rooms which are being tested in two selected shops.

Marks and Spencer's Canadian venture, which this week goes a stage further with the company's formal offer to shareholders of Peoples Department Stores, proves that St. Michael is a flexible hero after all. Whereas in its first two excursions into Europe, Marks has done little more than transplant its English operation—staff and all—to the other side of the Channel, in Canada the company has tempered its style of operation to suit the local market in a manner which may well be followed by those running the French and Belgian operations. The company has not deserted its basic philosophy but it has modified it in a way which is surprising to those who have judged the Marks' overseas operations merely on the basis of the early days of its European venture.

Exporting

As one of the local Canadian managers says, "Marks tiptoed into Canada." The company began exporting to Canada as long ago as the 1950s. Among its export customers were Peoples Department Stores, a Montreal based department store group with a turnover of \$72m. and an assortment of 100 shops trading under the names of Walkers, Peoples, and Smiths of Windsor.

Then in 1972, the company decided it wanted closer control over its export operations and formed a joint company with Peoples, which by this time had Mr. Jim Slater, a minority shareholder. The joint company, St. Michael Shops of Canada, opened several small shops under the name of St. Michael in much the same way as some importers of St. Michael merchandise in other countries have set up self-contained boutiques. The first store large enough to justify the name Marks and Spencer was opened in Toronto in 1973, looking exactly like an English Marks, and then last November Marks decided to bid for a majority stake in Peoples.

The bid, which will give Marks 55 per cent. of the equity in Peoples, will cost around \$10m. in total. The company already has 25 per cent. of the shares and last week sent out an offer for a further 30 per cent.

The joint company now has 24 shops spread right across Canada, four of them sited within Walker department stores. Most of them are far smaller than any British store with an average floor area of only 8,000 square feet. (The newer shops are around 15,000 square feet.)

When Marks and Spencer first started opening shops under its own name in Canada, it tried to do a virtual transplant of its U.K. operations. The store in Yonge Street, Toronto, was modelled meticulously on an English branch—so much so that recently arrived immigrants to Canada were moved to tears by the familiarity of it all. The merchandise was all good solid English stuff, and little allowance was made for the fact that the store was in Toronto and not Tottenham. The store, which is in a prime site, has done moderately well after a slow start, but it has taught Marks that it could do better if it modified its operation to the peculiarities of the Canadian market.

Models

In its newer stores, Marks has been more adventurous. In another store in Toronto, for example, it has used models in the windows and in another it has experimented with changing rooms. The big lesson Marks has learned is that the typical stark Marks layout is too clinical for Canadian taste, suggesting not quality but a discount store, and the management is now looking for ways of giving the stores a warmer appearance—carpets, lower ceilings and coloured walls, for example.

To most Canadians, Marks and Spencer is a pretty strange animal. Neither a department store, it



Canadians have found the typical stark Marks layout too clinical

does not offer the enormous variety of lines which most Canadian retailers see as a prerequisite of success. Whereas one of the big department store groups like Eatons or Hudson Bay will offer, say, 45 styles of Spencer is content with 15. Women's blouses, Marks and Spencer's Canadian retail scene, in its turn, looks strange. For a population of 22m, Canada is basically over-shopped by English standards with at least one department store in towns which in England would not merit more than a small supermarket.

Marks is not claiming to cut prices in Canada though it does, of course, claim that it offers better value for money than its competitors. Gross margins are considerably higher than in England because of the higher operating costs—shopworkers' wages alone are almost double those in England—and by English standards, the prices look high. An English made pair of pyjamas, which would sell for around £4.30 in London, sell for nearer £8 in Toronto.

Pyjamas

In time, however, a far higher proportion of the merchandise will be made in Canada, thus reducing costs. (The same pair of pyjamas made in Canada would sell for around £5.) To get clearance for its bid for Peoples from the Canadian Government, Marks had to promise to get a substantial proportion of its merchandise manufactured in Canada, but even without this condition, it is likely that the company would prefer to use local suppliers.

Canadians, as Marks has discovered by trial and error, have markedly different taste in clothes to the English. They like much brighter clothes than the sombre-minded British and generally disdain heavy-weight sweaters. Indeed many of the clothes sold in Canada would be considered frankly bad taste in England and regular Marks and Spencer shoppers would be appalled at the gaudiness of some of the Canadian designs—T-shirts, for example, with what look like colour photographs on the front.

Food

At the moment Marks is selling a fairly limited range of clothes and accessories in Canada. As yet, for example, it has not tried selling cosmetics in Canada but it is likely that in the future the range will be expanded to cover most of the product categories sold in England—food, for example, is likely to be included in some of the larger new developments though there are obvious problems in selling own-brand foods at competitive prices on such a small scale.

Assuming Marks gets shareholders' agreement for its bid for Peoples, its overseas operation will move into what may well be its most testing phase yet. For the first time in its history, Marks is taking over an established retail chain in a move which gives it a stake in such out of the way places as Thunder Bay and Guelph. Peoples has had an odd assortment of shops, not all of which by any means are suitable for converting into Marks and Spencer branches. The 48 Walker shops are the most obviously compatible. Situated in Ontario, most of them have a sales area of around 20,000 square feet. They have a reputation as a good, middle of the road department store chain and have been selling St. Michael goods for the past five years. The jointly owned St. Michael Shops of Canada has been operating out of the Walker offices since it was formed and

the two groups already share some other common facilities.

Though Marks and Spencer is still wary about committing itself to any specific plans for Walkers, it would seem likely that most of the Walker stores will be converted to Marks and Spencers over the next few years and already one small Walker store near Toronto is being stocked largely with St. Michael lines. (Some of the Walker accessories, like jewelry have also been retained.)

The other main department store chain in the group—Peoples—operated in Quebec and has a rather scruffier image than Walkers. An old fashioned variety store chain, it seems unlikely that Marks and Spencer would want to be publicly associated with its shops in the way it has allied itself with Walkers.

St. Michael Shops of Canada also owns a chain of women's dress shops, trading under the name of D'Albardi's. The group was acquired largely because Marks wanted to get its hands on a particularly good store site in Montreal but the deal also gave the company a chain of profitable, well run dress shops which will probably be allowed to continue trading without much interference from Marks.

Bonser has a welder on its Board and record profits. James Ensor found that it works despite cries of

"When do you get your limousine, Jack?"

MR. CARL DUERR has had an amazing career as a "turn-around" man. An American by birth, he has lived in Europe since he arrived at the end of the war to direct the reconstruction of Austrian industry. His subsequent career took him through such unusual assignments as the German jeweller's chain which revalued all its unsold stock at the end of each year on the grounds that it was now more "sales ready." His most famous position, as managing director of Jensen, saw the company recover from huge losses to a point where it could be sold to another American Mr. Kjell Qvale as a profit-making concern.

Mr. Duerr joined Bonser Engineering as chief executive after a chance meeting with its chairman Mr. Greensmith on a train. Greensmith was already an admirer of Duerr's approach through reading his book "Management Kinetics." In it, he expounds his belief that successful management depends upon good communications at all levels, but particularly between the boss and the workforce.

Duerr put his theories to the test at Jensen: on one occasion he had the amusing experience of watching Jensen fitters selling cars to customers at the London Motor Show, whilst their colleagues from the same union were picketing the Lotus stand next door. But unlike Jensen—where there were problems of underpricing and low productivity—Bonser presented the ideal case of a company where almost everything was right apart from communications.

Pit-props

A manufacturer of pit-props in the midst of the Nottinghamshire coalfields, Bonser found itself deprived of its major product as a result of IRC inspired rationalisation of suppliers to the Coal Board. Fortunately, the chairman had appreciated the application of Bonser's skills in hydraulics and heavy welding to the manufacture of fork lift trucks, so the company had a substantial—if barely profitable—business to fall back on. But in 1970, on a turnover of £2m, Bonser made profits of a mere £130,000, and three quarters of that was derived from interest on the money paid by Dowty for the pit-prop business.

When Duerr arrived, he found the company faced a 62½ per cent. labour turnover in a



Mr. Carl Duerr, chief executive of Bonser, talking to the welder Board member Mr. Jack Stirling.

six month period. Men were leaving for a television assembly plant up the road which paid £1 an hour against the 60p at Bonser. The product, always popular because of its low pricing, had a 10-month order book. But production and spare parts provisioning were so poor there was literally no production system and no parts list. Vehicles were sometimes stripped out and rebuilt on the shop floor to adapt them to customer orders.

Duerr, who was hired initially as a consultant, announced after three months' study that he was wasting his time because there was nobody at the company who would be able to put his recommendations into effect. As he says ruefully "I either got myself fired or hired." After being hired, he immediately set to work to get to know everybody in the plant and to inspire them. As one of the employees remarked "He sorts out everyone's matrimonial and financial problems—I don't know where he finds the time."

The time comes, actually, from arriving at work any time between 6 and 6.30 and leaving after dark. For Duerr, whose home is still in Munich, week-days means working at the plant—although he does snatch a few hours at mid-day to sunbathe by the pool at his motel. His empathy with the staff at all levels and their respect—indeed admiration—in many cases—for him is evident as he talks to one man about judo, another about his wrenched knee, a third about his work on a new prototype.

The results are evident in the balance sheet. From a first half profit of only £28,000 in 1972, Bonser has moved steadily ahead to £206,000 this year—against a background of weakening demand in its major construction and agricultural markets. Production has quadrupled over the same period, largely through better output from the existing facilities though Bonser has acquired Brough Superior—as a component supplier and Bristol Pneumatic, which makes compressors.

Motivation

Clearly the installation of a proper production control system, instead of the haphazard process of building 28 different models without any planning system has a lot to do with the improvement. But Duerr himself attributes much more to the improved atmosphere and communications within the plant. The necessity for supervision, to take one example, has been much reduced by the men's own motivation; and supervisors now work alongside the men at production jobs.

Regular talks to the men who Duerr calls "the troops" started in the works canteen from the very first day. A class-room was converted out of part of the kitchen where the top 50 men in each of the four companies have been given lessons on product planning and marketing—necessary in a company which was used to taking orders from a single, regular customer. A supervisory board with a

co-opted representative from the shop-floor was another Duerr innovation, achieved despite some opposition to the idea from other Board members. The Supervisory Board, including Jack Stirling, a welder and the managing director of the four component companies in the group, meets to discuss major policy matters—capital expenditure, acquisitions—to monitor managerial performance, co-ordinate the subsidiaries operationally and to agree budgets.

Mr. Stirling, an AEUW man who works as a charge hand in the service department was—like the other Board members—selected, not elected. Duerr insists that election would only produce a politician who put their workers' wishes above their needs; and for the moment, at least, they seem to agree with him. Stirling has been put through crash courses in accounting and management and in two years time will have to choose between remaining as a shop-floor Board member or opting for promotion into supervision and line management. At the moment, in return for a lot of hard work, he gets £100 director's fees and a free telephone at his home. He gets no car despite the taunts of his mates "When do you get your limousine Jack?"

As the shop floor representative, Mr. Stirling receives exactly the same material as all other board members, and participates fully in all decision-making. In addition, he contributes a shop-floor point of view in the framing of any new proposals and acts as a two-way

channel for information.

In addition, Duerr himself calls all the troops together once every six weeks, or so, and talks about the entire status of the company, the national economic environment, and where necessary tips on how to read a balance sheet. Although he has never encouraged any of them to buy shares, several of the shop-floor men ask questions about recent letters to shareholders, indicating that they have invested their own money.

The principle of Supervisory Board and Consultation before any decisions are reached has more in common with Swedish ideas than the German. For as Duerr points out the managers of the subsidiary companies would not be permitted to serve on a German Supervisory Board—whose main function is to appoint and dismiss them. At Bonser, every Supervisory Board member becomes non-executive when he enters the Boardroom, and it is conceivable that he might be asked to leave if his own performance came under discussion.

Ballots

While the Bonser system draws on ideas from elsewhere it has been adapted to meet the needs of a small British engineering company, with several separate components. That it has helped to improve communication with and morale on the shop-floor can hardly be doubted. One example of the attitude of the men is that they regularly hold secret ballots over union instructions on matters like an overtime ban, and quite often vote them down. During the three-day week, they agreed to work three twelve hour shifts, with the result that output and profitability were virtually unaffected. Equally, they have responded to Duerr's initial substantial pay rises—which brought them into line with local rates—by being modest in their demands at a time of rapid inflation.

Bonser may not be a blueprint for other, larger engineering operations for so much of its success depends on Carl Duerr's own ability to motivate and communicate with people. Yet it does show what can be achieved to raise output and morale in a company, whose plant and machine tools remain to this day, well-worn and far from new. Bonser succeeds through hard work and low overheads.

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THE FINANCIAL TIMES

Incorporating THE FINANCIAL NEWS

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FRIDAY, JULY 18, 1975

The choice in Portugal

THE WITHDRAWAL of the Popular Democrats from the Government in Portugal does not necessarily mark the end of democratic hopes in that country, but it is another turning point and perhaps the one that matters. The Portuguese are now close to dictatorship, but they are also close to anarchy. They may still just be close to the kind of democratic system which the majority of the population plainly wants. But they have very little time left.

Tactical

The Popular Democrats' withdrawal follows that of the Socialist Party a few days earlier. Between them these two parties won 64 per cent. of the vote in the elections for the Constituent Assembly last April. They have left the Government because they concluded there was no guarantee of the maintenance of democracy in present circumstances. The situation was quite clearly getting worse, not better. Even allowing for a high degree of emotion and frustration, their move was also tactical. It was meant to pose the question: does Portugal want a democratic system or not, and what is to be done about it?

The question is primarily addressed to the military. It is the Armed Forces Movement (AFM) which holds power in Portugal, even if it does not know what to do with it. It will be the AFM which decides what happens next. There is no reason to believe that it is united: it is composed of Communists, neo-Communists, moderates, a number of people who would have been (indeed were) equally at home under Dr. Salazar, and others who have plainly not yet made up their minds. What it has not produced is a man capable of taking the entire movement and the country under his wing. This may yet be a hopeful sign, for until a leader emerges there is still everything to play for. The AFM's Supreme Revolutionary Council has asked the Prime Minister, General Vasco Gonçalves, to form a new

government which excludes the political parties — the Communists, who won 12 per cent. of the vote in the elections, as well as the Socialists and the Popular Democrats. It would be made up of military men and technocrats, if they can be found. It is quite possible that he will fail. It is even possible that if it is intended that he should fail, General Gonçalves is an unstable man and there have been some pressures to get rid of him. In any case, it looks as if there will now be a short period in which the new government is formed, or at least the attempt is made. It does not seem that if it is formed, it will necessarily be very stable. The hope must be that the Portuguese, and the AFM especially, will use this time to decide what they really want. The framework for a democratic system is already there in the Constituent Assembly. So is the popular support for the political parties. Government could be handed back to the politicians almost overnight. Whether the chance is taken depends largely on whether the moderates in the AFM assert themselves. They will have the opportunity when the full assembly of the AFM meets next week.

Isolation

The outside world can also have an influence, especially the European Community. The Heads of Government rightly decided at their meeting in Brussels yesterday to go ahead with talks with the Portuguese authorities, but to make economic and financial assistance dependent on the maintenance of a pluralist democracy. A meeting between the Community representatives and the Portuguese Foreign Minister is scheduled for next week. It should be spelled out quite unequivocally what this means. The European Community would welcome a democratic Portugal into the mainstream of West European thought and ways. The alternative is not only no democracy, but also isolation. The choice lies with the AFM, and it cannot be long delayed.

Signs of recovery in the U.S.

WITH THE news of a negligible drop in U.S. second-quarter national income, the signs that the U.S. economy is at last beginning to climb out of the depths of its recession are now beginning to multiply. This week Wall Street had already taken encouragement from two indicators in particular — the index of industrial production, the rise in which last month (though of only 0.4 per cent.) was the first since last September, and the drop in industrial stocks, which turns out to have been twice as large during May.

The index of leading indicators has been promising since the spring. The housebuilding and car markets, whose ramifications throughout the economy are especially widespread, have been notably buoyant recently. While manufacturers' and wholesalers' sales have recently moved erratically, moreover, retail sales have been good — moving up by 2.7 per cent. during May.

Inflation rate

At the same time, the rate of inflation is down to half the 12 per cent. annual rate it reached at the end of last year and is officially forecast to run at under 7 per cent. over the next 12 months, while the balance of overseas trade — thanks mainly to a sharp drop in oil imports — has been in comfortable surplus over the past few months instead of the expected deficit. The hardening of the dollar against other currencies is evidence of a general feeling that the U.S. economic position has greatly improved, both on the domestic and the external front. The main persisting cause for gloom about the situation is the level of unemployment — still standing at 8.9 per cent. of the workforce. It is true that while unemployment has remained high, actual employment has risen by over 500,000 in the past two months: in the U.S., as in this country, the crude unemployment figures have to be interpreted with some caution.

But unemployment at its present level is undoubtedly a major social problem — a fact which helps to explain the lack of enthusiasm with which organised labour has greeted the Administration's celebration of the nascent business upturn and the split of opinion which is beginning to emerge among U.S. economists about the attitude which the fiscal and monetary authorities should now adopt. One camp, pointing to the size of the gap between production and the relative slowness of the recovery predicted by officials, is calling for a greater stimulus to demand.

The other, more concerned about the inflationary implications of too rapid a recovery, is pressing for restraint. In practical terms, the argument centres on the size of the Federal Budget deficit and the extent to which it will be automatically reduced by higher tax revenue as the recovery gets under way. At bottom however, it is a dispute about the priority to be accorded to two possibly conflicting aims — a reduction in unemployment and a further reduction in the rate of inflation. If the recovery proceeds at the relatively slow rate — slow in relation both to the previous decline and earlier business recoveries — which is now generally expected, pressure on the Administration to take more vigorous action will undoubtedly increase, and Mr. Ford will be conscious of the fact that it is now only 16 months until the Presidential election. On the other hand, the risk of stimulating the economy greatly while inflation is still at a level high by the standards to which the U.S. was accustomed for many years may weigh heavily in the calculations of a President who has a strong chance of being returned for a further period of office. The course he chooses to steer will clearly have a major effect not only on trade conditions but on the course of inflation in the rest of the world.

Rhodesia: a problem defying peaceful solution

BY BRIDGET BLOOM

LAST January, before an invited audience of senior white Rhodesians and their ladies, Mr. Ian Smith declared that his Government had defied the world by remaining in power for ten years and would happily do so for another ten. His remarks were greeted with rapturous applause — even if some of his audience might have wondered privately whether this time "good old Smithy" was not overreaching himself.

For the Rhodesian Prime Minister was talking less than a month after he had agreed to the much vaunted southern African detente. To further this he had done the virtually unthinkable and released from prison the African nationalists long dedicated to the fight against white minority rule. It was clear, though never publicly stated, that Mr. Smith was acting under South African pressure, just as it was clear that the nationalists themselves, who had agreed to sink their decade-long differences to form a common front, were under pressure from Zambia and Tanzania. But so unprecedented were those turn-of-the-year events in the long history of racial strife in southern Africa that many believed a settlement of the Rhodesian problem was not only possible but imminent.

Limits of influence

It is easy, in retrospect, to see why detente failed. To start with, the strategy which produced last December's agreement on Rhodesia had been worked out by non-Rhodesians who failed to appreciate the limits of their influence on — and perhaps the intransigence of — their respective "clients." While both South Africa and the black African states concerned believed that detente would be in the interests of the whole of southern Africa, the championed it for self-interest too. That was especially true of South Africa, in that the Portuguese coup, which made it obvious that the Republic would soon be hemmed in by black states, caused a total reappraisal in Pretoria of its African policies.

Mr. John Vorster clearly calculated that South Africa's own survival in its present form could best be guaranteed by an eventual and if possible pliable black government in Rhodesia, and that this could be achieved by pushing Mr. Smith into peaceful negotiations with Rhodesian nationalists. For their part, the Presidents of Zambia, Tanzania and Botswana, as well as the leaders of Mozambique's Frelimo, had long realised that the brunt of a war against the whites in Rhodesia would be borne by them, with serious effects on their own economic and political stability. Their aim, too, was a peaceful transfer to majority rule through negotiations.

The trouble with this — it can now be seen — was that neither Mr. Smith nor the nationalists agreed with it, and the tale of the last seven months thus makes sorry reading. The Union (ZANU), maintained Lusaka agreement in December, within days of the Lusaka preceded as it was by dramatic agreement being signed that and clandestine diplomacy talks with the Smith regime across the racial line, has been would be abortive, since the implemented only in one im- whites had no intention of allowing African majority rule. By contrast, Mr. Nkomo, Nkomo and the Rev. Ndabaningi leader of the former Zimbabwe Sithole, with about 30 of their followers, were released from a prison and are still free — even detente, believing that South Africa might make Mr. Smith briefly re-detained, is now in negoti- while Bishop Muzorewa, the President of the But many other nation- alists are still in gaol (only original ANC and since Decem-



A mobile border patrol operating from a constantly changing base uses dogs in the hunt for possible guerrilla infiltration near Rhodesia's northern border. Renewed guerrilla fighting is now very much on the cards.

yesterday Mr. Smith detained four more: there is no cease-fire in the guerrilla war: there have been only the most cursory talks, between Mr. Smith and the nationalists, and a constitutional conference, which is what the agreement was all about, seems as far away as ever.

In some important respects, the situation has deteriorated. In December no one was more surprised that the Lusaka agreement happened than the detained nationalists themselves, who were catapulted from jail into State House in Lusaka and told that they were to form a united front. But, as the past few months have shown, their agreement to form a single party under the umbrella of the African National Council has failed to paper over their deep divisions. The main reason is a struggle

for power rather than ideology, Mr. Nkomo's initial refusal to make public policy statements, the stark reality is that at no stage have the nationalists been in a position to formulate agreed constitutional proposals to put to Mr. Smith. Mr. Smith and his Govern- ment have, of course, done their best to encourage the ANC's divisions: the charges against, and "trial" of, Mr. Sithole in March were undoubtedly one such ploy. But the ANC has been its own worst enemy, with the divisions finally coming right into the open in June as first ex-ZANU officials accused Mr. Nkomo of making a secret deal with Mr. Smith, and then Mr. Nkomo



A mobile border patrol operating from a constantly changing base uses dogs in the hunt for possible guerrilla infiltration near Rhodesia's northern border. Renewed guerrilla fighting is now very much on the cards.

retaliated with a hard hitting attack on the non-ZAPU leaders.

Neither have the former parties themselves been immune to trouble. Mr. Sithole was "deposed" from the ZANU leadership last November as he was about to fly for the first time to Lusaka, while the man who led that attempt, Mr. Robert Mugabe, is now apparently detained inside Mozambique. Reports in December that this conflict had spread to the ZANU military wing and had unpleasant tribal overtones were tragically confirmed in March when the President-in-exile, Mr. Herbert Chitepo, was murdered in Lusaka and the Zambian Government felt it necessary to arrest (and keep in detention) 57 members of ZANU.

Although for the first few weeks after Lusaka, the two men and their followers worked unasily together, their divisions were partly hidden by

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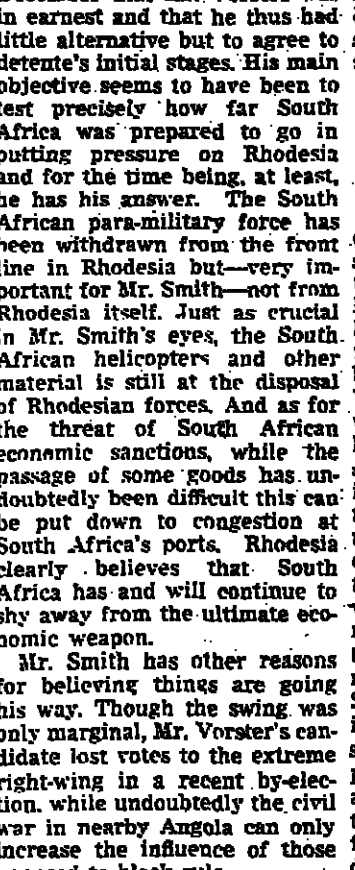
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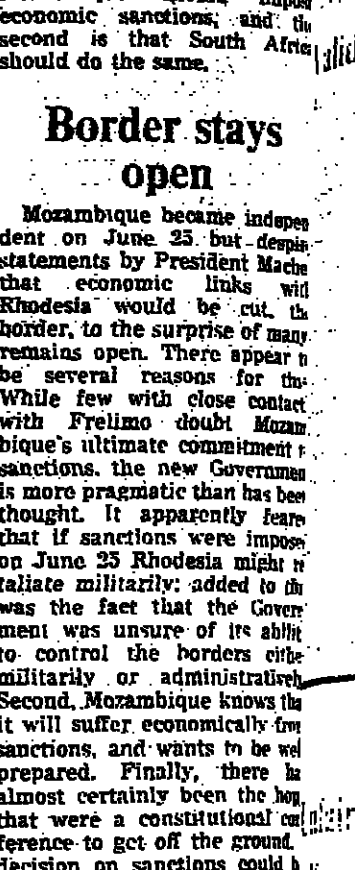
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MEN AND MATTERS

NVT's flag day

"Ladies and gentlemen. Will you help to keep the Union Jack flying or will you allow it to remain as cover for a coffin?" Stirling sentiments indeed for a slightly odd occasion: round the edges of a large room in London's RAC Club, there were sparkling new motor-cycles; but the question was as good as asked, should preparations go on for this next generation of machines, or was it funeral time?

For the moment, not quite. But the flag-waver yesterday, Dennis Poore, and his audience were gathered knowing that a Government statement is expected at any time setting out official policy on the motor-cycle industry's future. Decisions are awaited on whether Norton Villiers Triumph's two plants and/or the Meriden co-operative get more help, and whether closures threaten.

Michael Heseltine, Conservative Industry spokesman, was on hand to put into words NVT's fears. He had of course always been against the co-operative (set up at a cost of £5m. in February), said there was "very much doubt" whether three plants could keep going, and warned of a "degree of reality" dawning for all before Parliament rises for the summer break.

Dealers and NVT employees were enthusiastic about Heseltine's message. It had earlier included cautions against driving for a protectionist drive aimed at the Japanese. With U.K. motorcycles dependent on a good market in America, restrictive ways here would not be "politically credible," lectured Heseltine.

That emphasised that whatever the love for NVT and trust of Meriden, the party divide could not be ignored.

Heseltine's remarks were in con-

tradition to the previous speaker, bouncy Bob Edwards, Labour MP for Bilton and therefore with an NVT constituency. Edwards, having recalled glorious days as a despatch rider for the TUC during the General Strike (astride a British bike, naturally) had George's Khan nightmares. "Right across Europe, industries are being driven out by Japanese products. Sometime we have to stop this nonsense."

Harold Robinson, vice chairman of the shop stewards committee at Small Heath, NVT's biggest factory, expressed the irritation on the NVT side with the Meriden people. He claimed that the co-operative's all-on-250-week democracy made them often better off: a greater insult was that Small Heath faced threats of a three-day week next month while Meriden had actually been recruiting. Robinson had a mysterious tale which he declined to elaborate on, that Small Heath workers had been asked by "two groups of people" if they wanted to go over to a co-operative. "We," growled Robinson, "had a bit more commonsense."

So there was the promise of a new Norton Challenge (a 750 c.c. successor in part to the Meriden-built, NVT-marketed Triumph Bonneville), 50 and 125 c.c. offerings, Wankel rotary engines, and "more in the pipeline," depending on how Industry Secretary Eric Varley takes up the wider problems.

One more bike, an impressive red monster, was slightly involved too: said to note that NVT's self-aid news was borne back to the BBC by a despatch rider on a gleaming Japanese machine.

Comic

Richard Marsh's popularity with the National Union of Railwaymen — its conference has already

paid him the apparent compli-

ment of saying he should become Minister of Transport — was tested over an hour and three quarters yesterday when he became the first British Rail chairman to address the annual meeting. His turn was rewarded with a standing ovation.

Whether this was due to the music hall routine with which Marsh prefaces serious questions was not clear. But a laughter-meter would have recorded a higher rating for the gag about late night TV and the pill solving the population problem than the suggestion that the NUR should practise true worker participation and purchase British Rail. "You can have it cheaply with Green Shield stamps and you can have the Department of Environment thrown in as well" promised the chairman.

Paradise East

Another former British Leyland chief has gone East. George Turnbull went to organise South Korea's car industry and now Filmor Paradise, former sales director of the Austin-Morris division, has departed to head the motor business of Wearne Brothers in Singapore. Plenty of insiders thought it a pity when Paradise, a colourful American who first worked in London as an economic commissioner under the Marshall Aid plan in 1948, quit BL two years ago. He took a job on the Board of Giltspur Investments, the Maxwell Joseph company which has some BL truck interests. His job was largely to advise Giltspur whether to extend those dealerships into cars and into Europe. The Board having decided the answer was no, his brief was largely completed, though he remains a Giltspur director and managing director Alan Fowler says he may find something to

do for the company in the Far East.

He has now returned to a closer relationship with British Leyland, since Wearne is distributor in Malaysia and Singapore for all the BL products sold there bar Rover. It also assembles Minis and Marinas in both countries, this exercise including, in Singapore, a 1.5 litre diesel Marina which BL says has three-quarters of the local tax market. On Japan's doorstep, BL does not too badly: it has 13 per cent. of the Singapore car market and 8 per cent. of Malaysia's.

Having someone running its distributor who knows the products as well as Paradise might prove advantageous. Wearne has been a major force in the area's transport history. When founded by two brothers in the early years of the century it had two of the nine cars in Singapore, and it also started Malaysia's first air service. Chairmanship passed last year from Charles Wearne to Tan Chin Tuan, also head of Overseas-Chinese Banking Corporation and Sime Darby. Wearne has other irons in the motor fire besides BL including Ford, Holden and Renault dealerships.

Here we go

The Remuneration, Charges and Grants Bill, which is what the Government's 55-a-week legislation is called, includes under "financial effects of the Bill" the news that "Administrative expenses will be incurred by the Department of Employment in determining whether any remuneration exceeds the limits, amounting to £800,000 a year." The effect of the Bill on public service manpower will be that "approximately 100 additional staff will be required by the Department."

Observer



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Help. One word which covers the magnitude of services the Red Cross has become synonymous with the world over.

Not only in war. Not only when earthquakes, famine and floods strike. But all the time — people helping people in need.

Nursing the sick, both in hospital and at home. Care for the old and infirm. Help for the disabled of all ages. The unspoken reassurance that there is always some one to turn to.

This is the Red Cross today.

We need your help to carry on.

caring + doing

The way to revivify the party system

WHAT IS special about the case of Mr. Reg Prentice? A fair question. No one denies the right of the Newham, North-East, constituency Labour Party to decide that it will not adopt the sitting Member of Parliament as its candidate at the next election. Again, nobody has alleged, so far, that those who wish to disown Mr. Prentice have acted outside the Labour Party's rules. Since 1970 no fewer than four Labour Party MPs have been refused adoption by their constituencies and have subsequently stood as independent candidates at an election; and three of them won. It is open to Mr. Prentice to do likewise. As to the merits of the case, Mr. Prentice has never gone out of his way to soothe the sensibilities of his political associates and he should not be either surprised or aggrieved to find some of them repaying him in kind.

Validity

All these arguments have some validity—yes, Mr. Prentice is still a special case, and the outcome of the struggle between him and the Left-wing members of his General Management Committee, culminating in a decisive vote next Wednesday, is exemplary and important. In the first place the Prentice affair illustrates in a classic fashion some of the deep structural defects of the Labour Party. In Newham, one can see all the familiar signs of political decrepitude and decay: an old working-class area—Alf Garnett country—with a changing social pattern, dominated by a local party machine which has been in power for many years; die-hard councillors; a constituency agent who has held his position

since 1945; superficial loyalty, but falling membership and the minimum enthusiasm. There are many Labour parties like this up and down the country and they are a depressing spectacle, not only because they are the instruments of the dreariest kind of municipal politics, but also because they are peculiarly open to take-over. In any voluntary organisation there is a shortage of volunteers. In many Labour parties the shortage has become chronic; and the result is that anyone who is prepared to work hard and do the chores will have a very fair chance of capturing the key positions in the party irrespective of his political views, providing these are not, at any rate at the outset, overly extreme. A Left-wing putch is relatively easy to organise over a period of time, if a small handful of people are ready to devote enough time and energy to the task and are able to recruit reliable Left-wing votes to fill the vacuum left by the spathy of the right.

Normally, when revolutions like this occur—as they have in a good many constituencies besides Newham—the process is impeded or at any rate slowed down by the existence of a body of old-guard loyalists and trade unionists lurking in the background. Left-wing delegates are elected to the annual Party Conference and left-wing resolutions are passed because these enablers cannot be mobilised for normal occasions. But on a major issue like an outright attack on the sitting MP their moderating influence will usually be felt. It follows that a successful attempt to oust a Right-wing MP generally requires him to have offended the old guard in some way, as well as having been marked down as an enemy by the Left. From 1970 onwards the possi-



Mr. Reg Prentice: at one level his predicament is a symptom of the structural malaise of the Labour Party.

bility of attacks on Right-wing MPs was vastly increased by the Common Market issue. Trade unionists and old-fashioned party-liners objected to the pro-Market "keeping in the Tories," "defying the Whip" and generally behaving as if their consciences were more important than the party. One major result of the referendum is that it has deprived the Left of this weapon in individual constituencies. On the other hand, there are other possibilities of offending the loyalists and these, unfortunately, have been seized by Mr. Prentice. He continues to behave as if his conscience was more important than the Party, and he even talks as if the national interest was more important than the Party (how could the two possibly be in conflict?). No matter that he has displayed impeccable socialist views on education and overseas development; he has been guilty of the ultimate sin of "rocking the boat."

At one level, therefore, (and an important one) Mr. Prentice's predicament is a symptom of the structural malaise of the Labour Party, and its increasing failure to enlist the active support of young people who are not either Marxist or anarchist in outlook. This tendency is itself part of a wider decline of active support of political parties—a decline which has already brought them into such a parlous financial state that they must needs go to the State with begging bowl in hand.

At another, more ideological, level the Prentice row shows the direction in which the Left-wing challenge is most likely to be felt in the future. It is all logical enough. Experience has shown that Left-wing domination of the Labour Party Conference through the control

of the principle that MPs will be wise to reflect the majority views of their immediate supporters. This lost principle would be the more easily promulgated because the famous representative notion enshrined in Burke's address to the electors in Bristol is not one which has ever consorted easily with the working-class idea of solidarity at all costs.

What is to be done about all this? The chances are that it is too late to save Mr. Prentice. In the course of the long controversy attitudes have probably hardened too much to be softened by pleas from other Parliamentarians or disclosures about the private lives of participants. Mr. Prentice will no doubt appeal to the National Executive if he loses next Wednesday and the normal processes might then last a considerable time. I should be very surprised if he tried Mr. Dick Taverne's tactic of resigning and forcing a by-election, in which he would stand as an Independent. He is very much a Labour Party man and his advisers are telling him that the electors would resent yet another poll so soon after two general elections and a referendum. If the worst comes to the worst, therefore, he will presumably simply carry on until the next election before deciding whether to stand, and where.

In the longer run the whole situation confirms my belief that one of the most effective changes in our political institutions—one far more necessary than the introduction of proportional representation for example—would be the reform of the selection processes of the political parties. Constituency Labour parties like Newham are desperately unrepresentative of ordinary Labour voters, and Conservative Associations are not, on the whole, much better. All the arguments for giving the power to the people who do the work (and powerful arguments they are) fail in the kind of situation we are in at the present. There is a vicious circle whereby party activity by normal moderate people is

Round robin

This is really the origin of the agitation which has caused 160 back-benchers and 12 senior Ministers to send their round robin in support of Mr. Prentice and would certainly cause a major revolt in the Cabinet if Mr. Harold Wilson gave the slightest sign of encouragement to the anti-Prentice forces. There are admittedly a number of Left-wing attempts against their own positions. But the number who have really serious troubles at the present is not great, nor are by any means all of them Right-wing or even centrist in their political views. The real point is that if a major political figure, and a member of the Cabinet, is disowned by his local party not for heresy or some act of blatant disloyalty, or for dereliction of his duties to his constituents, but simply because he has the wrong tone of voice and belongs to the wrong bit of the party, then two disastrous conclusions follow. First it is no longer safe to deviate from whatever views are fashionable in one's constituency party at any time; and secondly the principle is lost that the Labour Party is a broad coalition in which all sorts of views are allowed and appreciated as legitimate forms of socialism.

turned off by disgust at the arid ideologies of the present political dialogue, and the absence of moderates in the constituency parties makes the ideological argument still more extreme. The only way out seems to me to open up the central processes to a wider participation, and the most plausible nature of doing this is to introduce a system of primary elections, in which the prospective candidate of any party could be challenged and voted on by any one who had registered as a supporter of that party. The normal objections to this kind of procedure are that it would greatly add to the cost of politics and that it would tend to produce more stereotyped MPs. But I do not accept either of these propositions.

Ceiling

On cost, the American analogy is highly misleading because of the vastly larger size of constituencies there. I see no reason why, with proper ceiling on expenditure, a fair and worthwhile election should not be run. As in the second objection, it seems unlikely with five-year Parliaments (fixed terms would, of course, be essential), that politicians would feel inhibited from speaking their minds by the prospect of reselection. But in any case, any feeling of restraint would be the consequence of genuine popular pressure and not of the blackmail of an unrepresentative clique combined with the manipulated loyalties of the rank and file. If anybody really wants to save and revivify the party system, this is the way to do it.

Letters to the Editor

Unfair to the self-employed

From Mr. J. Flemming.

Sir.—Mr. Talbot (July 15) says that though he strongly believes "that pension rights should be excluded from any wealth tax he could respect the opposite view if it were soundly argued. Having suggested one step in this direction in the pamphlet, "Why We Need a Wealth Tax" (Methuen 1974) by Professor Little and myself, without getting to grips with non-contributory pensions, may I attempt to respond to the challenge? Mr. Chow's article (July 12) referred to equity between employee and self-employed, to which Mr. Talbot correctly replies that the self-employed can buy retirement annuities with tax relief similar to that enjoyed by beneficiaries of a pension fund.

To say, however, that "his position is then equated approximately to that of the employee" does not, unfortunately, follow, and in the case of civil servants is a travesty of the true situation. Under the 1971 Finance Act the self-employed can spend up to 15 per cent. of their taxable income on the purchase of a retirement annuity. There is no comparable limit on the funding rate of company schemes which are subject only to a limit on pensions paid as a proportion of terminal salary. At present low (in fact negative) real interest rates these two limits are way out of line with one another to the great disadvantage of the self-employed. Consider a civil servant retiring after 40 years of service with a salary of £10,000 per annum and entitled to an indexed pension of £5,000 per annum (40/80ths of £10,000). If he is expected to live for 15 years, and if the real interest rate taken to be zero (it is currently negative) the present value of his pension in real terms is £75,000. If he started work 40 years ago at a salary equivalent to £2,000 per annum at today's prices and had progressed steadily to his present £10,000 per annum—so that his average income (at constant prices) was £6,000 per annum—his total real earnings over the 40 years would be £240,000. Thus at a zero real interest rate his pension would require funding at the rate of 75/240 or 32 per cent.—more than twice the maximum rate allowed to the self-employed. If anyone regards these calculations as fanciful they should go into the market to try to buy an indexed half-terminal-salary

pension for less than 30 per cent.—the rates currently quoted are, I believe, nearer to 40 per cent.

Whether the appropriate response to this situation is to impose wealth tax on an actuarial valuation of pension rights is by no means certain but that the present situation is grossly unjust is absolutely clear. It would be improved by varying the 15 per cent. limit from time to time in the light of current market rates for indexed annuities; however, this would not fully protect the self-employed since the adequacy of their past contributions is likely to have been reduced by changes in prices and interest rates unless they had actually purchased indexed annuities and these are not widely available. One merit of the wealth tax suggestion is that it allows for the current capital value of rights purchased with past contributions.

J. S. Flemming,
Nuffield College,
Oxford.

Pensions as assets

From The Chairman, Legislation Committee, Smaller Businesses Association.

Sir.—Mr. J. E. Talbot (July 15), implies that those wishing to include pension rights among assets liable to a possible wealth tax should provide justification. On the contrary, it is up to those who would seek the exclusion of particular assets, pension rights or any other, to justify the exclusion. To make only certain kinds of wealth chargeable would be inequitable and could be justified only on narrowly political grounds. Concerning Mr. Talbot's specific point about those running their own businesses, I agree that they can now pay premiums towards a retirement annuity. The effect of this, however, is to transfer assets from the person's own business through the insurance company to public companies, the Government. So businesses more efficiently are deprived of funds while organisations which generally use their assets less efficiently gain at their expense. This strengthens the trend to stagnation in our economy.

I am not of course suggesting that self-employed person or director of a private company should buy a retirement annuity. The choice should be free whether to do that or to keep

the money in his own business for development with a view to selling the business or having a pension directly from it after retirement.

Colin Dauris,
Europe House,
World Trade Centre, E.1.

Defence cuts

From Mr. A. Shaw.

Sir.—No reader with any experience of the U.K. Defence scene could read Michael Doherty's article headed "Little Doherty for more Defence Expenditure" (July 8) without with fascination and incredulity. One can only hope that other readers will not take this headline on trust.

It is probably fair to say that there is scope for savings within the existing commitments of at least 25 per cent. These are more likely to be achieved by withdrawal from places like Bath and even Whitehall rather than Gan, Mauritius and Singapore. Admiral Sir Anthony Griffin's target is to be applauded and actively supported. Without the creation of new effective authorities however and a fundamental change of attitude on defence procurement to bring it on to a professional commercial basis, it is hard to see how such objectives can be met.

Before our forces are scaled down further, perhaps we could re-evaluate Pepsy and Parkinson. For once a wide range of political opinion on this issue might be reconciled.

A. P. Shaw,
Cam Cottage,
Sheffield,
Hants.

Industrial democracy

From The National Organiser, TASS/Lucas Group.

Sir.—I find it most unusual to be replying, through your columns, to attacks on one trade union by another. While concerned at this departure from normal inter-union practice, I am equally concerned that Ray Edwards' remarks (July 11) about TASS (the technical administrative section of the AUEW) are corrected. TASS has been a consistent advocate of "industrial democracy"—and by that phrase TASS means "to increase members' control of their industry to co-operate in every possible way with all other organised workers in the transfer of industry from private ownership to socialist and cooperative ownership for the common welfare of the people." Indeed it is enshrined in our union rules.

The attitude of TASS has also been consistent—and I take Ray Edwards' example of BLMC as a case in point. TASS and all other unions (including APEX) saw, in the industrial democracy proposals submitted to the Ryder Inquiry, public ownership as the essential prerequisite. Ray Edwards must explain why Lucas is so exceptional in this respect.

an unprecedented series of mass meetings of TASS members in the west Midlands full of "dedication and enthusiasm" in formulating policy and applying it to the Lucas situation. Strange to say our thousands of members employed by Lucas, see this as a real attempt to extend their ideas of industrial democracy into the realms of management's divine right. I agree with them. I would also contend that this action by TASS membership, in union with their fellow trade unionists in APEX, is worth infinitely more than paper exercises in verbal aggression. John Rowan, Birmingham.

Statutory controls

From Mr. J. Bruce-Gardner.

Sir.—It would be interesting to know what criteria your Labour Editor (July 14) uses to arrive at the judgment that each attempt at statutory control of wages and prices over the past ten years enjoyed a period of success. Just to take the last one, for example, it endured over six quarters (from November 1972 to June 1974). During that time prices rose by 21.5 per cent., as compared with an increase of 9.6 per cent. over the immediately preceding six quarters. Unit labour costs (which are surely what the argument ought to be about since they determine the competitiveness of the British economy) rose by just under 20 per cent. during the period of price and wage control, compared with an increase of 12.4 per cent. in the preceding six quarters.

Indeed there was only one period during the whole of these ten years when there was tangible evidence that the rate of inflation was slowing down. That was in 1971—towards the end of the last period during which statutory controls were not in operation. It would also be helpful to know what evidence Mr. Elliott has unearthed to support his theme that the very high unemployment which has immediately followed the end of us could be expected to lead to increased militancy and a sour climate of industrial relations. The last period of high unemployment (1972-3) led to some quite dramatic improvements in the productivity of British industry.

Finally it is noteworthy that Mr. Jack Jones has already dismissed the Prime Minister's claim that 25 a week was a maximum and not an entitlement as the rubbish it sounded when it was made. I do find it a little difficult, however, to follow the argument that the existence of the 25 "norm" and a background of high unemployment is likely to generate militancy in low-paid trades which are presumably low-paid because they have up to now lacked either the will or the ability to be militant.

J. Bruce-Gardner,
13 Kelso Place, W.5.

Run the AGM on TV

From Professor A. McCash.

Sir.—In discussions of how to make Britain's companies more effective, the suggestion is occasionally made that greater involvement by stockholders and shareholders in management would be helpful. But these shareholders are scattered and in the case of public companies they are numerous. How can they be involved more? I believe it could be done quite easily and in a fashion that would strengthen relations with the employees at the same time by

letting them see the company at work.

My suggestion is simply that large concerns, with more than 100,000 employees and shareholders, should hold their annual meeting in the form of a half-hour-long Sunday morning commercial on TV. A 7- to 10-minute speech by a telegraphic chairman could help to bring the company and its policies and concerns to a wide public and in favourable light. This might be followed by an 8- or 9-minute question session, in which questions (written in to the auditors in advance and collated for similarity) can be answered by the Board members.

Then there would be the votes. Each shareholder and each employee would receive a set of coloured computer cards and a "yes" and a "no" envelope. He would be asked, during the meeting, to vote for a certain motion by putting, for instance, the red card into the yes envelope. The next motion would dispose of the green, etc. At the end he just puts the two envelopes into the post and the company computer has the results in a day or two. It would almost certainly be worth letting employees who were not shareholders vote on many questions as well, and the computer could be trained to deal with each vote according to the procedure, which would be preannounced.

One possible difficulty would be sequential motions. If the votes were not known for several days, how could you ask approval for a series of schemes, each depending on its predecessor? I believe this could be dealt with in most instances by asking all the secondary questions as conditionals. "Given that the vote on project X turns out to have been favourable, please use the green card to record your approval of project Y which raises the funds for it." Any step that will bring the thinking of companies before the world more clearly can only be beneficial to the corporations involved. People don't know enough about firms now, and therefore don't trust them. Televised AGMs won't eliminate the difficulty, but it might help a bit. Andrew M. McGosh,
Manchester Business School,
University of Manchester,
Rotha Street West,
Manchester.

Ministry of Exports

From The Chairman, Clothing Manufacturers' Federation.

Sir.—In your issue of July 15 you quote the Prime Minister as saying that Britain cannot afford to treat exporting as anything less than the lifeblood of the country. If Mr. Wilson believes that then perhaps he might now consider acting on the suggestion made at this federation's annual conference last May that the vital matter of exports be removed from the Department of Trade and entrusted to a separate and independent Ministry of Exports. J. S. Williams,
14/16 Cockspur Street, S.W.1.

Some man ought to mow

From Mr. N. White.

Sir.—I note with interest the Department of the Environment plans to save £m. by not mowing verges along motorways and major roads. Surely in the year of "save it" it would have been more appropriate to let, or allow local farmers to mow for fodder. The immense acreages which otherwise will go to waste are a pity. N. J. White,
Roughton Manor,
Bridgnorth, Shropshire.

To-day's Events

GENERAL
Sir Henry Plumb, president, National Farmers' Union, and Mrs. Judith Hart, MP, speak at World Development Centre meeting on British agriculture, London.
Lord Ashby, Master of Clare College, Cambridge, and chairman of Royal Commission on Environmental Pollution gives Foundation Lecture on "Politics and the Environment," Ditchley Park, near Oxford.
Mr. Reginald Naudling, MP, speaks at Conservative rally, Newark and Nottinghamshire Showground, 7.30 p.m.
National Union of Railwaymen's annual conference continues, Jersey.
PARLIAMENTARY BUSINESS
House of Commons: Second reading of Policyholders Protection Bill (Lords).
Proceedings on Salmon and Freshwater Fisheries Bill (Lords). Motion on Civil Aviation (Air Travel Organisers' Licensing) (Reserve Fund) Regulations.
House of Lords: Sex Discrimination Bill, committee.
OFFICIAL STATISTICS
Retail prices index (June).
Net acquisition of financial assets analysis by sector (first quarter).

Financial accounts of industrial and commercial and personal sectors (first quarter).

COMPANY RESULTS
Initial Services (full year).
Keyser Ullmann (full year).

COMPANY MEETINGS
Barr and Wallace Arnold Trust, Hotel Metropole, Leeds, 12.

Chloride Group, 52 Grosvenor Gardens, S.W. 10.13.

Property and Reversionary Investment Corporation, Albany House, Petty France, S.W. 12.

Stallex International, Abercorn Rooms, E.C. 12.

Travis and Arnold, Northampton, 12.

Legal



Decent



Honest



Truthful



As a consumer, you've a right to expect that advertisements meet four basic standards.

They should be legal. They should be decent. They should be honest. They should be truthful.

We're the Advertising Standards Authority, an independent body set up by the industry to see that advertisements don't break our Code: the British Code of Advertising Practice.

This Code has been agreed by all sides of the industry. And it demands that every advertisement meets these four basic standards. In spirit as well as letter.

When we come across an advertisement which we think breaks the Code—or when you complain to us—we investigate.

If we find the Code has been broken, we act.

Usually this means the advertisement is changed. Sometimes, it means it is scrapped.

We'd like you to get to know the Code. Your local reference library or Consumer Advice Centre should have one; alternatively, print your name and address on a postcard and we'll send you the main points free.

Then if you see a press, poster, cinema or direct mail advertisement which you believe breaks it, post us a clipping or as many details as you can.

Remember: it's our job to protect your interests. So it's in your interest to help.

The Advertising Standards Authority

The Advertising Standards Authority Limited, 15 17, Ridgmount Street, London W.C.1E 2AW

Johnson-Richards down to £2.92m.

CSR 10 Cornell Street,
Sydney, Australia 2000.
Exchange rate: 14/7/75 \$A1 = US \$1.32

[illegible]

Barker and Dobson sets out recovery measures

Net Asset Value after deducting prior charges	Investment Currency
---	------------------------

Tax credit	17
Net loss	296
Extraordinary debt	1,536
Total loss	2,762

* Front charge.

● **comment**

Barker's plunge into the red substitutes a pre-tax turnaround

Second half downturn at BB & EA

The final dividend is 1.426 making 2.326p (same) net.

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited

[illegible]

APPOINTMENTS



The Royal British Legion Industries Maidstone, Kent GENERAL MANAGER

Due to the retirement of the present General Manager, The Royal British Legion Industries, Maidstone, Kent, an industrial and commercial enterprise of The Royal British Legion, invites applications for the position of General Manager.

The man appointed will be responsible to the Board for the efficient and successful trading of the industries, which employ severely disabled people and rehabilitants.

Aged 35 to 45 years, he will have had previous experience in industry at a similar level, and will be conversant with modern management techniques, particularly in the Personnel, Accounts and Marketing areas.

A salary in excess of £6,000 p.a. will be offered to the right man.

Applications, in writing, should be addressed to:
THE CHAIRMAN,
THE ROYAL BRITISH LEGION INDUSTRIES,
PAUL MALL,
LONDON S.W.1.

Please mark the envelope "Application for General Manager."

CHIEF ACCOUNTANT

Due to expansion of our Line Voyage and Cruising Operations we are seeking to engage an energetic, qualified accountant with experience in passenger shipping operations.

The successful candidate will be required to take control of and be responsible to the Financial Director for handling of passage monies, preparation of voyage accounts and financial statements.

The position will be based in London, where the Company have offices in the City and the West End. Please write in the first instance to Box E.6076, Financial Times, 10, Cannon Street, EC4P 4BY, giving full details of qualifications, experience and salary required.

Capel-Cure Myers Limited FOOD RETAILING ANALYST

We are seeking to recruit an Analyst to look after the Food Retailing Sector. The Analyst will join a team specialising in in-depth research for institutional clients. A university degree will prove an advantage, as would two to three years' experience in research either in stockbroking or with an investment institution. Salary subject to negotiation.

Apply to:
R. H. Pain, Personnel Manager,
Bath House, Holborn Viaduct,
London EC1A 2EU.

Leading Stockbrokers

Assistant required in Private Clients' Department which aims to expand. Preferably aged 24-35 with Stock Exchange experience. This post carries excellent prospects. Write Box A.5147, Financial Times, 10, Cannon Street, EC4P 4BY.

PERSONAL

BACKGAMMON THE KING OF GAMES

Whether you are a beginner or advanced player you will enjoy meeting everyone in the backgammon world at our backgammon "Teach in" parties (no gaming). Those renowned players Princess Mary Obolensky and Mr. Stephen Raphael will give demonstrations and progressive hints on play and strategy.

Champagne buffets are served and the parties take place at The Park Tower, Knightsbridge, London, S.W.1, organised by the Showbiz Car Club, of Great Britain.

Proceeds to the National Society for Mentally Handicapped Children.

Information from Suzie Oxtoby, S.B.C.C., 17 Pembridge Square, London, W.2. Tel: 01-229 6821.

URGENT

Are there any kind friends willing to make short-term, interest-free loans to the Marie Curie Foundation to help finance the completion of two half-finished homes for 100 terminal cancer sufferers? Min. £5-Max. £1m. Guaranteed repayment at 6, 12 or 24 months or at 7 days' notice. Details from the Secretary, 124 Sloane Street, SW1 (01-730 9158).

IN DEED IT IS

CLASSIFIED ADVERTISING RATES

	Per single column centimetre	Per double column centimetre
Appointments	£9.00	£18.00
Industrial and Business Property	£9.00	£18.00
Residential Property	£9.00	£18.00

The minimum depth of display advertisements is of boxed classified advertisements is: Three single column centimetres. Larger advertisements are only accepted in multiples of whole centimetres.

Premium positions available—rates on request. Write to: Classified Advertisement Department, Financial Times, 10, Cannon Street, EC4P 4BY.

APPOINTMENTS WANTED

EXPERIENCED ADMAN.

Media a Specialty, seeks permanent or freelance work with an agency, advertiser or media owner.

Phone 0403 44919 after 6 p.m.

NIGERIAN 21, diploma mechanical engineering, seeking work in Nigeria or abroad. PO Box 4167 Lagos.

COMPANY NOTICES

N.V. ENGLISH-HOLLANDSCHE BELEGGENDE TRUST

Established in Amsterdam

PARTICIPATION CERTIFICATES

NOTICE IS HEREBY GIVEN that the shares of the company, which are issued at a nominal value of 100 guilders, are now being offered for sale at a discount of 10%.

By Order of the Board: HOLLANDSE KOOPMAANSBANK N.V. MANAGER.

Sarphatistraat 14a, Amsterdam 1017 CA, The Netherlands.

ROYAL BANK OF CANADA LTD.

DIVIDEND No. 352

Notice is hereby given that the dividend of 32 cents per share on the paid up capital of the company, which is payable on the 15th day of August 1975, will be paid to the shareholders on that date.

By Order of the Board: A. H. BIRCHALL, Secretary.

VECTIS STONE LIMITED

NOTICE IS HEREBY GIVEN that the shares of the company, which are issued at a nominal value of 100 pence, are now being offered for sale at a discount of 10%.

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Shell is returning to the needle coke business with a £65m. investment in Holland that will more than double Europe's capacity. Ray Dafter reports

Cracking the electric steel market



Mr. Jan Quant, head of Shell International Chemicals' base chemicals marketing division.

THE STEEL industry's increasing use of the electric arc furnace method of manufacturing—particularly in mini mills—has been a development traced with interest by some oil companies.

In particular, the oil industry has been trying to gauge the future market for one of its potential refinery by-products, needle coke. This high-grade coke is used in the steel plant electrodes and, at a price of around \$300 a tonne, already represents a surprisingly large market—\$45m-\$60m a year in Europe.

With an annual growth rate of some 9-10 per cent, it is forecast that the European use of needle coke could rise to around 300,000-350,000 tonnes a year by 1980. Until now Continental Oil has been the sole European manufacturer, producing up to 170,000 tonnes a year from its Humber refinery at Immingham, but now Shell has revealed its intention to become involved.

Large share

Shell Nederland Chemie announced yesterday that it is to invest a further \$65m. at its Moerdijk chemical complex in Holland. A large share of the investment will go towards the establishment of a 100,000 tonnes a year needle coke plant. (In addition, the company is adding two furnaces to its oil-naphtha cracker to raise ethylene capacity by 50,000 tonnes a year to 500,000 tonnes.)

The needle coke plant is due to come on stream during the final three months of 1977, marking a significant diversification by the oil-chemicals group. Nevertheless, Shell sees it as a logical extension of its activities.

The coke will be based on an unspecified "heavy feed" from the Moerdijk ethylene plant

Old plant

In a sense, this departure by Shell marks a return to a familiar product area. Until 10 years ago the company had a petroleum coking operation in Pernis where a small proportion of needle coke was produced. The plant was old, however, dating back to the 1940s, and eventually it just ran out of

which, in turn, is fed from the nearby refinery at Pernis. This method of production contrasts with that employed by Conoco which produces its needle coke, together with lesser grades, direct from an oil refinery.

Naturally there is the ever-present possibility that the trading cycles of the chemicals business will not always coincide with those of the steel producing industry; that a cut-back in ethylene production could restrict supplies of the "heavy feed" for coke. Here Shell feels that it is better placed than most in that it is Europe's biggest ethylene producer with around 2m. tonnes of plant capacity (including some joint operations). If the Moerdijk feedstock becomes short Shell can always turn to the U.K., French or German operations to provide back-up support.

The cracker will certainly not be operated at a particular level just to meet the needle coke demand. "We don't want the tail of the coking operation wagging the cracker dog," commented Mr. Jan Quant, head of Shell International Chemicals' base chemicals marketing division.

The statement also indicates that coking operations will not, in itself, influence the type of raw material that is fed into the flexible ethylene plant.

A "heavy feed" would be created if the cracker was operated on gas oil rather than naphtha, for instance.

Buyers of needle coke—the electrode manufacturers like Union Carbide, Anglo Great Lakes, Sigr and Pechiney—

should now see the competition hotting up. Currently the demand is met by Conoco or by imports, mainly from Japan or from the U.S.

Conoco, too, is stepping up production of the material in the U.K. in anticipation of increasing European demand. More than £18m. is being spent on upgrading the current Humberside capacity for petroleum coke from 800,000 tonnes to 400,000 tonnes a year. The needle coke fraction of this output is being increased at a faster rate, from 170,000 tonnes to 280,000 tonnes a year.

The expansion coincides with Shell's development which means that in 1977 or early 1978 European needle coke capacity will rise by some 210,000 tonnes a year: an increase of 123 per cent.

Conoco, one of the world's leading petroleum coke manufacturers, also produces 150,000 tonnes of needle coke a year in Japan. 125,000 tonnes annually in Louisiana and 30,000 tonnes a year in Oklahoma.

Mr. Daniel Cameron, manager of manufacturing for Continental Oil in London, said that the petroleum coke market was strong and that the company was optimistic about future demand. But does the increasing use of electric arc furnaces in the steel industry justify a 123 per cent increase in needle coke production overnight?

In the past 25 years or so the electric arc furnace has increased its share of world steel production almost nine-fold. According to the International Iron and Steel Institute world production of steel by the electric arc method (excluding China and Eastern Europe) was 81m. tonnes out of a total world steel output last year of 483m. tonnes. In the U.K., electric

arc production accounted for 5.2m. tonnes of the 22.3m. demand is met by Conoco or by imports, mainly from Japan or from the U.S.

But the electric arc process is caught up in the much wider controversy about the growth of the mini steel plants which are in the main, the types of plant using it. The European Commission itself has warned that there are too many mini mills being built. For the mini mills mainly use scrap as their raw material; consequently their sources of feedstock cannot be regarded as limitless. BSC argues, for instance, that scrap supplies are bound to decrease as industrial technology improves, and as a result, that electric arc steelmaking based on scrap should not account for more than about 18 per cent. of national capacity—an "optimum" point already passed in the U.K.

Demand

Proponents of the electric arc method, including the coke manufacturers, are more optimistic, however. Conoco makes the point that electric furnace output in the U.S. has been growing at around 15 per cent. a year recently. It stresses the need for widely-scattered small, simple steel plants: the relatively simple air pollution control compared with blast furnace operations, and the required improvement in electrode quality to provide even higher power output as reasons for confidence. Conoco feels that what-ever happens, electric steel production will grow at a faster rate than the steel industry as a whole.

This is why Shell has entered the field, why Conoco is increasing capacity and why both companies—possibly along with others—feel that more expansion will follow in Europe in a few years.

Optimistic

Mr. George Cooke, of Lincolnshire, said that if local government lost education then social services and public protection services would follow. Local government would then become of little importance.

Mr. Cooke, president of the Society of Education Officers, said local government was less highly regarded now than at any time in the past 25 years and was in a weak, confused state and subject to mounting criticisms, many wholly unjustified.

If local government was to survive, it must rediscover and sell itself. Mr. Cooke said that the national voice of local education authorities had not been sufficiently loud and clear in the past few years.

"We have not been able to do anything effective to stop parliament from becoming a 'legislative factory', which, on the initiative of whatever party is in power, pours out new laws and regulations and policies and requirements without any apparent regard for the capacity of local authorities, and other public bodies to implement them at a satisfactory level," said Mr. Cooke.

He added: "We have also failed miserably to prevent local government in general, and local education authorities in particular, from being made the 'whipping boys' in the recent battles over the rates."

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INTERNATIONAL COMPANY NEWS + EURO MARKETS

Conti-Gummi break-even chances begin to fade

BY GUY HAWTIN

THE CURRENT year looks like being yet another bad one for Conti-Gummi-Werke, West Germany's largest tyre producer. Despite the high hopes voiced in March that 1975 would bring the company back to break-even point, the management had to break the news to shareholders that turnover in the first half year fell 9.1 per cent compared with the year before.

Turnover in the tyre sector in the first half of 1975 was off 8.5 per cent, while sales of technical goods are down 9.7 per cent. The export sector is hardest hit of all—and it was this sector that contributed greatly to last year's 15 per cent turnover increase from 1973's DM1.26bn. to DM1.45bn.

Exports in the first six months of the current year fell by a full 16 per cent, while overseas sales of technical goods were down by close on 9 per cent. The proportion of exports in total turnover sank in the first half from 23.5 per cent in the comparable period of the previous year to 22.2 per cent. Dr. Carl H. Hahn, Conti's Chief Executive, blamed the poor performance on the rapidly changing currency rates, high wages and competition from low wage countries such as India and South Korea. Wages in the West German rubber industry were the highest in the world, he pointed out, adding that all production sectors were under heavy pressure from foreign competition.

Osram hopes for recovery

BY GUY HAWTIN

OSRAM, which controls just under 50 per cent of the West German light bulb market, has reported a DM8m. balance-sheet loss for 1974—its worst results since the end of the Second World War. The concern will be paying no dividend for the second year running, while its last payments were 12 per cent for 1972 and 16 per cent for 1971.

Dr. Albert Prinzling, Osram's Chief Executive, however, stated his belief that the bottom had been reached. Performance in the first five months of this year had been much better than in the previous year and could be described as satisfactory.

But there were still no two ways about the fact that Osram would have to shed more personnel if the economic situation did not improve, said Dr. Prinzling. In 1974 the concern had reluctantly been forced to trim its labour force by 8.9 per cent to 12,591 and to introduce short-time working.

ing order situation an average of 13 per cent of Conti's labour force had been hit by short-time working in the first half of the current year. The figure for the same period of 1974 was only 2 per cent. The workforce, which at end of 1974 stood at 20,498, had been further reduced to a current 19,654.

Conti was still hoping to reach its target of overcoming the loss situation in 1975, said Dr. Hahn. But he added that the economic situation, particularly in the ex-

Allianz bonus payment

BY GUY HAWTIN

ALLIANZ VERSICHERUNGS is recommending a 17 per cent dividend plus a 2 per cent bonus for 1974, despite a slide in trading profits. Allianz paid a straight 17 per cent for the previous business year.

The concern, West Germany's largest insurance group, reports that despite a drastic fall in the growth of premium income and continued rising costs, the claims situation, particularly in the motor business, was much healthier.

Net trading profits fell from DM64.1m. in 1973 to last year's DM56.4m. At the same time gross premium income for the year increased only by 1.9 per cent from 1973's DM4.29bn. to

1974's DM4.37bn. The premium growth rate in 1973 was 11.9 per cent. The fall in growth rates is attributed to falling tariffs in the motor insurance field, recession in the car industry, falling investment rates and the slump in the construction industry. Without motor insurance, where premium income was down 5.3 per cent, the other insurance sectors would have shown an 8.7 per cent growth, states the concern.

As to the current year, Allianz says that the economic situation makes forecasts impossible. Indications are that growth of new business will be somewhat stronger than in 1974. Things are still open as to developments in the motor claims sector.

Electric's plans to purchase AEG's shareholding had fallen through following a failure to reach agreement with Siemens. The announcement that Siemens was interested in purchasing the AEG stake came a day after the balance sheet press conference which was held on Tuesday and embargoed until midnight.

Meanwhile it is apparent that Osram is having problems with two overseas subsidiaries—one in Portugal and the other in Argentina—as a result of unstable political situations. However, according to Dr. Prinzling, the Mexican subsidiary was doing far better.

Figures for the 1974 business year show that declines at home were offset by an increase in exports. Net turnover for the company rose by 2.1 per cent to DM617m.

Dr. Prinzling refused to comment on news that General

Reksten share deal controversy

By Fay-Gjester

OSLO, July 17.

CONTROVERSY is brewing in Norway about whether the State should retain control of Hoyer-Ellefson, a major Norwegian contracting company, involved in a wide range of projects at home and abroad, including construction of the Condeep offshore platforms.

The Government secured all the shares in the company as part of its recent Kr.177.4m. share purchase from shipowner Hilar Reksten. Some business and political circles now fear that the minority Labour Government—with the support of the Socialist Left Party in the Storting (Parliament)—will seek to hang on to this key company, thus involving the state in a field hitherto entirely served by private enterprise.

Last month, the Storting authorised the Government to spend up to Kr.200m. on buying Norwegian industrial and shipping shares from Reksten to keep the shares in Norwegian hands and to help the shipowner meet his commitments to Norwegian shipbuilders. The understanding was, however, that most of the shares would be sold off again as soon as this could be done without a loss.

The Government has said it does not intend to keep the shipping shares, but is considering the position with regard to the industrial holdings (involving, as well as Hoyer-Ellefson, stakes of varying size in such companies as Norsk Hydro Spitsbergen Coal, Elkem-Spigerverket and a Bergen shipyard in the Aker group).

The consent of the Storting will be needed if the shares are to be retained. The Minister for Industry, Mr. L. Olvseth, said yesterday that the State would certainly not dispose of all its shares in Hoyer-Ellefson. It might keep all of them, it might retain a majority stake, or it might settle for a minority holding. A decision would be taken by October.

Leaders of the three main non-Socialist parties in the Storting said in Press interviews to-day they would oppose a Government move to keep Hoyer-Ellefson. In fact, however, they will not be able to prevent it. If the Government is determined to keep the company it can almost certainly count on the support in the Storting of the Socialist Left Party (SV). Labour and SV together have a one-seat majority over the non-Socialist parties.

Mitsubishi chemical expects sharp profits decline

TOKYO, July 17.

MITSUBISHI CHEMICAL Industries said it expects a sharp decline in net profits for the first half ending July 31 to between ¥2.3bn.-¥2.5bn. from ¥4.02bn. in the previous six months. A company spokesman said gross sales are expected to total ¥28.5bn. (¥27.88bn.).

The spokesman said a slump in the aluminium and petrochemical markets has bottomed out, but a full-scale recovery will take time and the company has to maintain heavy production cutbacks for inventory adjustment. The decline in profits in these two departments could not be covered by improved coke production, mainly attributable to expansion of coke-making facilities at the Sakai plant and good export business, he said.

Profits before tax and special items are therefore expected to decline to around ¥3bn. from

¥5.5bn. in the previous half-year, he forecast.

However, the company plans an interim dividend of ¥2.5, unchanged from the previous six months, despite the profits decline, the spokesman said. The company's profits before tax and extraordinary items for the whole of the 1975 fiscal year ending January 31, 1976, are expected to be about ¥7bn. Reuter

toray sees lower loss

TOKYO, July 17.

TORAY INDUSTRIES expects interim dividend by using

first half of 1975, it paid a dividend of ¥3 for the last term.

Cross sales would increase moderately from ¥158.40bn. in the last six months, the spokesman said.

But it intends to pay a

CGE seeks new telephone links

BY CHRISTOPHER LORENZ

COMPAGNIE GENERALE D'Electricite (CGE) is understood to be talking to Philips and a Japanese company, as well as its traditional partner in France, L. M. Ericsson, about the possibility of taking a licence for stored programme control telephone exchanges using a space division switch.

The type of exchange for which the French PTT (equivalent to the British Post Office) has called for bids by September. At stake is the supply of well over 300m. worth of exchanges between 1977 and 1980, forming a major part of the crash French programme to improve the telephone service.

The talks represent a new twist in the long saga of major changes reverberating through the French electrical engineering industry. Only this week it emerged that CGE is trying to forge a partnership with West Germany's Kraftwerk Union to help it remain a supplier of nuclear reactors in France.

For several years, CGE's telecommunications subsidiary, CIT-Alcatel, has been favoured by the PTT, which did the basic design for the E10 digital time division exchange which CIT is now supplying in France and overseas. But the new PTT Minister has decided that the CIT telephone expansion programme also needs slightly less advanced exchanges if it is to proceed sufficiently fast; hence its call for the supply of SPC analogue equipment. CIT has no suitable design of its own.

CGE's arch-rival, Thomson-Breda, recently broke the nationalistic French purchasing pattern by teaming up with

Canada's Northern Electric, whose exchanges it has been encouraged to offer by the PTT.

Also bidding will be PTT's own subsidiary, and in some form—Ericsson itself.

Ericsson is the natural partner for CIT, since they have co-operated on design and manufacture in France for some years, including on the E10. But CIT has understood to want a cross-licence deal, whereby it could use a new license for the E10 technology, and it is not certain that Ericsson would be interested in selling this outside France (it already has rights within the country).

Between CGE/CIT and either Philips or one of the Japanese suppliers would provide yet another upset to the French electrical industry, and a French boost to the foreign partner concerned. Philips, in par-

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Sharp uplift at Polaroid

By Guy de Jonquieres

NEW YORK, July 17.

POLAROID REPORTED to-day that its net income rose almost sixfold during the second quarter of this year to \$12.4m. or 41 cents per share from \$2.1m. or seven cents per share in the same period of last year. Sales rose to \$139.3m. from \$118m.

This strong improvement ends five consecutive quarters of declining profits and raises Polaroid's first half net to \$21.7m. or 66 cents per share from \$12.1m. or 37 cents per share in 1974. Sales for the first half were \$141.9m. compared with \$121.5m.

William McCune, Polaroid's President, said that the second quarter sales were the best ever recorded for the quarter. He added that the increase in domestic sales was due to both a rise in camera and film sales to dealers and to reselling by dealers.

Sales of the SX-70 instant camera and the Super Shooter were especially strong. Last April, Mr. McCune dismissed some Polaroid shareholders by forecasting that the company would be unlikely to show a profit during 1975.

On the international side, Mr. McCune said, sales had held up well, exceeding 1974 second quarter sales by 9 per cent. He added that during the first half this year Polaroid succeeded in cutting costs and raising returns on many of its major products. It expects this process to continue.

While the large jump in earnings indicates a significant reversal in Polaroid's fortunes, comparisons with the second quarter of 1974 are liable to some distortion because of a number of unusual factors last year which depressed profits.

Monsanto sees lower 1975 earnings

By John Wicks

ZURICH, July 17.

THE U.S. CHEMICAL group Monsanto expects this year's earnings to be down on the 1974 record. For the first half, according to figures just released, primary earnings per Common share were of \$4.87, compared with \$5.86 in the same period of last year, fully-diluted earnings being of some \$4.80 against \$5.50. Consolidated net sales rose slightly to \$1.51 bn. from \$1.47 bn. in the period, net income declining to \$171.5m. (\$202.5m.).

John W. Hanley, president and chief executive officer, said: "While our earnings results for the second-quarter and six-month period did not match last year's record highs, we believe we have had a relatively good performance in view of the many recessionary factors that affected our company in the first part of the year."

"With a turn-around in our textiles operations, together with modest improvement in the worldwide economies we serve, we expect a satisfactory second half. For the year, we will not be able to match the record earnings of 1974 but we anticipate that 1975 will be the second best year in Monsanto's history," he said.

Sandoz sales down 5.6%

By John Wicks

ZURICH, July 17.

GROUP SALES of the Swiss-based chemical concern Sandoz were down by 5.6 per cent for the first half of this year on the corresponding period of 1974 to Sw.Frs.1.92bn. This decline was due to a drop of 15 per cent in dyestuff sales to Sw.Frs. 972.7m., the pharmaceutical sector and the agro-chemicals and dietetics product group showing slight rises of 1.6 and 0.3 per cent to Sw.Frs.1.02bn. and Sw.Frs.329.2m., respectively.

The overall decline is attributed by the company to the international recession, but primarily to the unfavourable exchange-rate situation. For the first half of 1975, some Sw.Frs. 280m. of turnover was lost owing to alterations in currency parities—the same sum as for the whole of last year. Had this fall in potential sales not been experienced, actual Swiss franc turnover would have risen by 8.1 per cent, Sandoz claims.

As from April 1, Sandoz group figures include sales of the U.S. concern, Rogers Brothers Seed, of Idaho Falls.

Company Results

Dow Chemical earnings slip

Dow Chemical second quarter earnings fell to \$1.55 per share (1974) or net of \$1.43m. (1974). Net income for 1974 was \$1.43m. (1974). The company said LIFO would reduce net by 20 cents per share.

General Foods expects its fiscal first quarter (ended June 28) earnings to increase to 66 cents a share from 64 cents in the same period last year. The company said LIFO would reduce net by 20 cents per share.

R. J. Reynolds Industries second quarter net earnings fell to \$1.98 per share (1974) or net of \$1.98m. (1974). The company said LIFO would reduce net by 20 cents per share.

Chase Manhattan second quarter earnings rose to \$1.21 per share (1974) or net of \$1.21m. (1974). Earnings after securities transactions rose to \$2.36 per share (1974) or net of \$2.36m. (1974). A dividend of 55 cents per share is to be paid.

Continental Illinois posted record earnings of \$30.83m. in the second quarter of 1975. This represents a 32.2 per cent increase over the \$23.31m. reported in the same period in 1974. It is equivalent to \$1.77 a share compared with \$1.34 a share in the second quarter of 1974.

Societe Generale posted record earnings of \$27.56m. in the second quarter of 1975. This represents a 32.2 per cent increase over the \$20.84m. reported in the same period in 1974. It is equivalent to \$1.77 a share compared with \$1.34 a share in the second quarter of 1974.

It attributed its improved earnings principally to improved net interest margins. Net interest income reached \$115.78m., 88 per cent higher than the second quarter of 1974. Recognising continuing and uncertain economic conditions both here and abroad, it made a provision of \$22.3m. for possible loan losses compared with the \$4.5m. provision made in the second quarter of 1974. The total reserves for loan losses were \$250.431m. at June 30.

United California Bank second quarter operating earnings fell to 97 cents per share (\$1.15) or net of \$7.07m. (\$8.41m.). Earnings after securities transactions were down at 96 cents per share (\$1.15) or net of \$6.97m. (\$8.41m.).

NCR is paying a quarterly dividend of 18 cents.

Curtis-Wright second quarter earnings rose to 47 cents per share (80) or net of \$4.25m. (\$3.55m.). Shipments totalled \$97.5m. (\$86.96m.).

The company said it now appears that 1975 results will better those of a year ago when it had earnings of \$27.5m. It added, however, that results in the second half of the year may not match the "excellent performance in the first six months of 1975."

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The company said it expects earnings for fiscal 1975 ending September 30 to exceed the \$4.85 per share of the previous year. Third quarter earnings were favourably affected by the second quarter termination of its German brake operations, the company said.

The company added that it had completed the tender offer for the remaining outstanding stock of its French affiliate, DBA, and now owns 92 per cent of the company, against 88 per cent in November 1974.

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This announcement appears for purposes of record only.

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Progress Report To European Investors

Continued Growth in Europe and around the World through Leadership in Computers, Farm Equipment, Fluid Power, Guidance and Control.

On 31st March 1975, Sperry Rand Corporation concluded another record fiscal year. The year produced turnover of \$3.041 billion and net earnings of \$131 million or \$3.81 per share of common stock. Turnover was up 16.4% over fiscal 1974 and earnings 12.9% ahead. Even more importantly, Sperry's record within the past five-year period reflects increases in turnover of 75% and net earnings of 100%. During the five-year period our investment for research and development and in capital improvements increased by 74% and 97% respectively.

We are based in the United States but our operations reach around the world. Turnover from Sperry's international operations was 43% of the total in fiscal year 1975, up from 41% in fiscal 1974. Approximately \$800 million of the total turnover came from our European operations. Sperry has more than 24,000 employees in Europe.

STRENGTH IN BALANCE

Sperry's strengths and growth potential come from the balance of our versatile product lines. We are among the leaders in every industry in which we are engaged including Sperry Univac computers and office equipment, Sperry New Holland farm equipment, Sperry Vickers fluid power systems, Sperry Remington consumer products and Sperry guidance and navigation systems. Basic to any strong market position throughout the world is the continuing application of advanced technology in response to customer needs.

Here are some facts about our company that may be of interest:

SPERRY UNIVAC—

Computers and Office Equipment.

Sperry Univac is among the world's largest computer producers. An independent study reported recently that Sperry Univac's share of the European commercial market increased more than that of any other major computer manufacturer in the 1973-1974 period. In fiscal year 1975, computer related turnover increased for the 13th consecutive year to a record \$1.29 billion, up 15% over fiscal 1974. Computer shipments, new orders and backlog all were records in fiscal 1975.

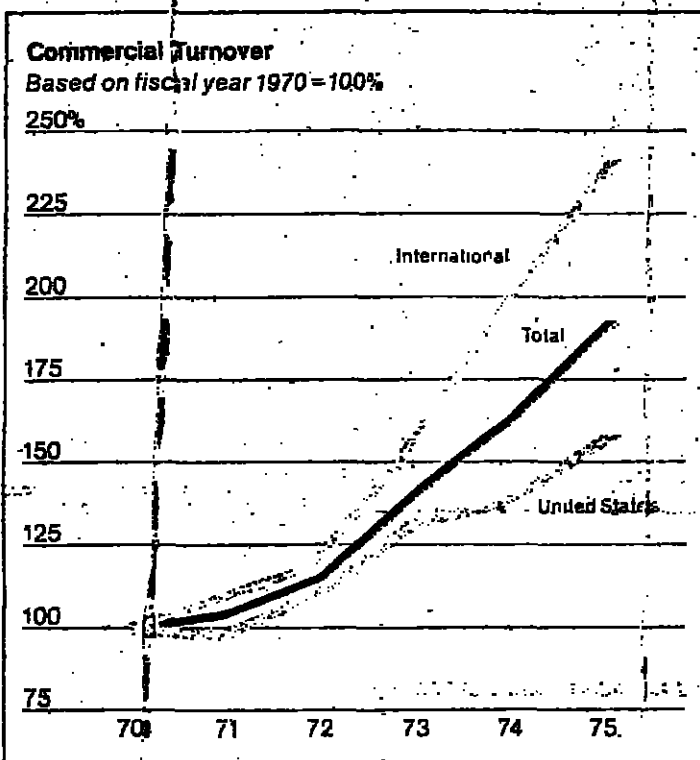
Over \$300 million in additional turnover in fiscal 1975 was contributed by the former Sperry Remington Office Systems and Machines division, which was merged into Sperry Univac in 1974. The consolidation of these operations is providing important efficiencies in utilizing the people, technology and facilities of complementary product lines. We expect to see significant competitive benefits from this merger.

SPERRY NEW HOLLAND—

Farm Equipment.

Sperry New Holland is the largest manufacturer of grassland farm equipment in the world. Turnover in fiscal 1975 increased 36% worldwide. Numerous new and improved products were introduced, and these products are the foundation for growth in the future. In Europe, turnover increased more than 40%. A modernisation programme has added 30% to productive capacity in Belgium and a new headquarters is being established in Bielefeld, Federal Republic of Germany, to serve that market. Sperry New Holland also has major manufacturing facilities in Aylesbury, England and Dijon, France.

	1975	1974	% Increase
Turnover, total	\$3,040.9	\$2,613.5	+16.4%
U.S. commercial	\$1,252.7	\$1,088.5	+15.1%
International commercial	\$1,310.2	\$1,080.6	+21.2%
U.S. defence & space	\$ 478.0	\$ 444.4	+ 7.6%
Net income	\$ 131.4	\$ 116.4	+12.9%
Income per share	\$ 3.81	\$ 3.38	
Stockholders' Equity	\$1,059.0	\$ 953.1	+11.1%
Equity per share common stock	\$ 30.70	\$ 27.65	
Backlog	\$1,854.0	\$1,728.0	+ 7.3%
Number of shares outstanding	34,493,858	34,489,678	



SPERRY VICKERS—

Fluid Power.

Sperry Vickers, the world's largest manufacturer of fluid power equipment, increased turnover by 22% with pre-tax earnings 60% ahead of fiscal year 1974. As the economy has worsened our fluid power business which follows capital goods expenditure trends has been adversely affected and cost saving measures have been instituted. We look for improvement in the new order situation later this year but business overall will not be up to the fiscal 1975 level.

SPERRY—

Navigation, Guidance and Control.

Sperry has been a major name in navigation, guidance and control systems since Elmer Sperry invented the gyrocompass sixty years ago. Manufacturing in Britain began in 1915. Sperry division worldwide turnover in fiscal 1975 exceeded \$300 million and profit and new orders also rose over fiscal 1974. Approximately 90% of the division's business is derived from defence projects. But commercial marine orders rose 19% in fiscal 1975 and we are expanding in other promising non-defence areas such as traffic control systems.

SPERRY FLIGHT SYSTEMS—

Aviation and Aerospace Systems.

Sperry Flight Systems is another major contributor to our guidance and control business line. The division recorded the best turnover and new order booking year in its history. The division's product mix of autopilots, cockpit instruments, gyro systems, computers and ground based test equipment has enabled it to achieve a leadership position in commercial, military, general aviation and space markets.

SPERRY REMINGTON—

Electric Shavers and Personal Care Products.

Sperry Remington, the corporation's consumer products division, is a well known name worldwide in electric shavers, hair stylers, clocks and other consumer products. In fiscal 1975, the depressed consumer demand affected business significantly. Business in the United States, representing 56% of total Sperry Remington turnover, sustained a loss but all international markets were profitable. Restructuring of the division during the year and new product development are expected to help improve operations.

MANAGING IN AN UNCERTAIN ECONOMY

Despite what we foresee as a poor economic climate through most of calendar 1975, Sperry's basic thrust will be to continue the pursuit of opportunities in markets where we now hold strong positions. We are committed to capitalising on the unique growth potential of the worldwide computer industry and retaining leadership in our other markets.

Our basic investments for growth must be maintained at as high a level as is prudently possible. We are at a juncture in the company's development where it would be imprudent to relax our emphasis on future opportunities in an attempt purely to cut costs. Our business goals can be achieved through good marketing, reliable product performance, practical cost control programmes and astute management of our assets and financial resources.

OUTLOOK

At the outset of fiscal 1976 we had a backlog which stood at a record \$1.85 billion, with strong fiscal 1975 fourth quarter bookings in key areas. We expect business conditions during the year to be as difficult as in the past. The recession will provide the most serious threat to our objectives for continued increases in income, turnover and new orders. Nevertheless, our business plans are for growth in fiscal 1976, but at rates lower than in recent years.

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FINANCIAL TIMES REPORT

Friday, July 18th, 1975

BUSINESS INFORMATION SERVICES

The dependence of the economy on information is total. "Knowledge industries" now account for over half of total GNP, but still many major decisions are made in an expensive fog of ignorance.

Vital tool to reduce waste

the war, the processes for handling and disseminating that information have scarcely changed. The traditional library with its lines of bookshelves, the traditional classroom with its rows of desks and the traditional filing cabinet still remain the standard and most widely used methods of storing and imparting information.

With so much information processing and education still dependent on the technology of the 19th century it is not surprising that some disastrous governmental mistakes and business errors are caused by inadequate information or erroneous knowledge. The modern government department or business office is often in the position of an army fighting a modern war with outdated equipment. Without radar, helicopters, radio command posts or all the benefits of modern technology, it may be only dimly aware of the shape, nature and position of the enemy.

Elsewhere

How many Royal Commissions and government departments have mounted huge and costly investigations to discover the solution to a problem which has already been diagnosed elsewhere, perhaps in another country? How often have research departments spent years developing a new idea only to discover that it has already been developed elsewhere? How often has a product been launched into a market, and failed because the characteristics, tastes and attitudes of the consumer have not been properly understood? And how often has a take-over been made for a company, which later turns out to be in quite a different state of corporate health from that imagined?

Lack of information, inadequate information or incorrect information has certainly been responsible for the waste of millions of pounds and dollars. How much, it is impossible to say. But if one adds up the cumulative costs of the corporate disasters—the Ford Edsels, the government bumbles with new roads built for which there is no use or hospitals sited in the wrong place, and the research bumbles such as development of atomic power systems for which there would be no demand—the cost is astronomical.

Human error, of course, is responsible for most of these mistakes and human error will

never be completely eradicated. But many of the decision-making errors have been caused because the decision maker has been presented, like the 19th century general, with only a dim and hazy view of the battlefield, obscured by smoke and fog. With first-class information, properly presented, it is certain that many of these mistakes might have been avoided.

The technology exists, today, for the rapid and effective spread of information, just as it does for surveillance on the battlefield. Computer systems are capable of storing a vast mass of information and selecting the appropriate statistics or formulae at the touch of a button.

They can present graphs and charts on screens, they can make calculations and adjustments and they can even answer theoretical questions—providing a model of what results would be achieved from certain decisions. They can transmit the information, literally around the world, and make it available in typed form, on computer tape, on microfilm or any other means.

Of course, the quality of the information that would be stored in these vast data banks is no better than the quality of the people who provide it and, therefore, on their knowledge. No technology can improve the quality of information—though

it could point to obvious inconsistencies—but it can ensure that the best available information is provided at the right place at the right time.

Services which have been set up, either within companies and organisations, or as commercial information selling operations, have tended to concentrate on technical information, for that is the most easily codified and processed and sometimes also the most vital. This information banks have been set up to provide patent information. They can print out legal case histories and precedents for particular issues. They can store formulae and research results.

Routine

In the more technical areas they are quite widely-used for the storing and retrieving of routine information. The parameters and factors in the design of aircraft and their engines are amassed in huge computer files. The availability of airline seats, hotel rooms or houses for sale are stored in computer information banks. Crime statistics, licence numbers, population data, land use, traffic surveys and other Government information is stored in computers. So, in some cases, are medical records, so that in the event of illness away from home, a Swedish doctor, for instance, will soon be able to obtain the

complete medical record of an accident victim, almost instantaneously.

Market research statistics, demographic data and income profiles are stored in computers and used by advertising agencies to help develop marketing campaigns. Oil companies keep track of their retail sales and their refinery operations and use a computer model to adapt shipping and refining capacity to market needs. Airlines adjust their schedules and their crew rosters through computer models of their operations. Shipping lines check on the profitability of proposed cargoes by checking them through a computer model.

Much has been achieved, in many diverse and unrelated areas, to make better information more readily available through modern technology. But even the most ardent supporter of business information systems would concede that progress in the more central and complex areas has been minimal. The number of chief executives, under-secretaries, research directors or stockbrokers who have any regular or systematic support in the form of computer data banks is minimal. Yet so often the right information at the right time could save millions of pounds or dollars in unnecessary commitments.

James Ensor

HMSO Business Information Services

Business Monitors

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Newsletters proliferate

NEWSLETTERS ARE forming an increasingly important role in the process of keeping specialist audiences informed. It has been estimated that the quantity of knowledge doubles every ten years. Given that rapid pace of change, it is becoming more difficult for people to keep up to date with developments even in their own fields.

Of course, the specialist magazines do have a role to play, but on the whole they tend to concentrate on focusing on subjects that get fairly in-depth treatment. Newsletters, on the other hand, aim to give readers a quick glimpse into what has been happening over the past week or whatever the frequency happens to be. The newsletter service is by no means new. In fact, newsletters preceded the arrival of newspapers and in many cases were the precursors to newspapers. That role has now become historical, since most newsletters do not publish a

Comments

The reason that newsletters provide more than just a cutting service is that in many cases the editors and writers can give valuable comments on news events. They also need skill in selecting material.

One type of newsletter is aimed not so much at keeping readers well informed about specialist subjects but more at providing solutions to problems for the small businessman. This approach is used by Stonehart Publications, which has six newsletters in its fold. Its marketing policy is different too, and profits come from a relatively high number of subscribers rather than high subscription rates. Its most successful

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The monitoring of key business developments on the continent is the prime aim of this letter. Concise weekly reports cover such key topics as developments and decisions in the Common Market Commission, duties and tariffs, finance and taxation measures, imports and exports, key business developments within individual European countries, industrial output, labour relations, agriculture, and developments in key industrial and commercial sectors.

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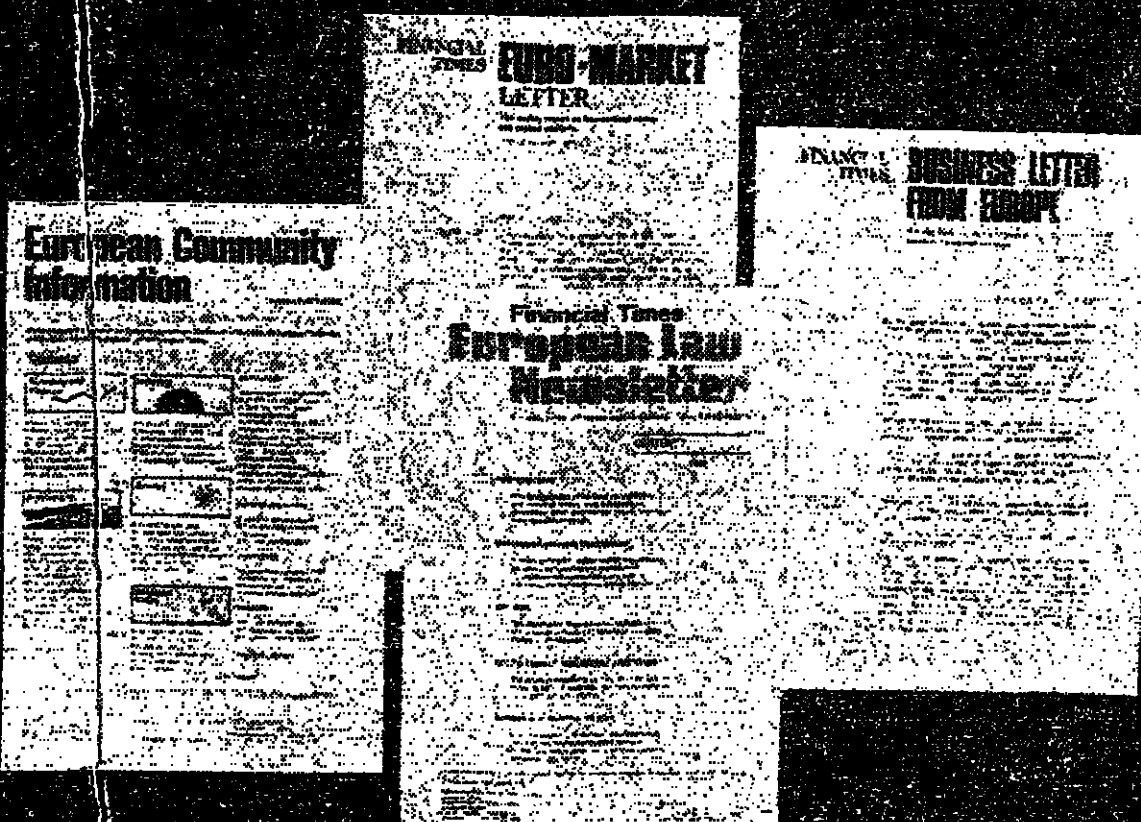
Summaries of all the main decisions and new initiatives of the Commission, the Council of Ministers, the Court of Justice, and the European Parliament are included. There are regular sections on: economics and finance, industry, labour matters, regional policies, legal affairs, external relations, associated states, and agriculture.

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CONTINUED ON NEXT PAGE

Serving the scientist

SOME IDEA of the scale on which scientific and technical information services operate to-day can be gained from the estimate of one of the oldest-established—that it would cost about £500,000 to break into the market for computerised services just to develop the data base. In fact, historically such services have tended to develop around individual disciplines and although inevitably in a multi-disciplinary world there is overlapping—Chemical Abstracts, the world's biggest abstracting operation, includes some physics for instance—head-on competition is rare.

New operations nowadays tend to develop through increasing specialisation and the fragmentation of traditional disciplines. One of the information scientist's dreams is that one day all these specialised services will be interlinked as an information network or common data pool, totally accessible to any subscriber. The obstacle to-day is incompatibility between the data bases, and the complexity of harmonising them through software alone.

The professional institutions have played a leading role in developing the major information services available to-day. In Britain the biggest began back in the 19th century with the appearance of the Science Abstracts family of abstracts, journals, indexes and title bulletins published by the Institution of Electrical Engineers in 1888. It has grown into a computer-based operation called INSPEC (Information Services in Physics, Electrotechnology, Computers and Control) which this year will contribute £1.4m. to the funds of the IEE. Its customers include Bell Telephone Laboratories in the U.S., the largest industrial research organisation in the world.

Computer

INSPEC was born in the late 1960s when a computer-based system of storing, retrieving and disseminating data, developed by the IEE with funds from the Government's Office for Science

and Technical Information Waveguide Components"—on which he will receive weekly details on cards of the latest published information. The latest tailored service is called Key Abstracts, started this year, in which the subscriber receives a monthly journal containing about 250 full abstracts, drawn world-wide, of such technologies as systems theory, electronic circuits or solid-state devices.

On-line retrieval of data is still developing rapidly, and goes hand-in-hand with the provision of adequate telecommunications facilities—still an impediment in some parts of the world. An important development still being studied is the idea of using colloquial words and phrases instead of the more rigid "key words," thus permitting the interrogation of the computer to solicit data that would not normally be retrieved by the more formal approach.

A group of four professional institutions—the Royal Aeronautical Society, and the three Institutions of Chemical, Mechanical and Structural Engineers—are behind another long-standing commercial data service, the Engineering Sciences Data Unit (ESDU).

This service goes well beyond the simple abstraction of data, by attempting to distil a mass of information from many sources—some unpublished, sometimes conflicting—into a coherent and reliable aid to the designer. The service has some 35 years of experience in its data items. It claims to be able to provide the engineer with authoritatively verified data at a small fraction of the cost of gathering, sifting and collating it himself.

Over 600 data items, from a single page upwards, are in print to-day. Users are encouraged to make known their experience in using the data, and to let ESDU know of any additional data they can provide, or to which reference might be made. Similarly, they are encouraged to report any difficulties encountered in working with the data items.

One of the latest series of data items concerns gas turbine noise and its suppression, for which the unit has had the co-operation of the Procurement Executive of the Ministry of Defence. An Aircraft Noise Committee under the chairmanship of Professor I. C. Cheeseman of the University of Southampton has taken overall responsibility for this series. Data items thus far available include "An introduction to gas turbine exhaust noise" (eight pages), and "Estimation of subsonic far-field jet mixing" (12 pages).

One wry comment that needs to be made about both the INSPEC and ESDU services is how much easier their proprietors find it to promote "them" abroad than within British industry. INSPEC, for example, exports over 80 per cent. of its service at present. ESDU exports over 70 per cent. by value, but as Dr. Anthony Barrett, managing director, points out, the indifference of British industry is all the more apparent when it is appreciated that the costs to overseas customers are twice as great as to subscribers in Britain.

Aircraft

ESDU's techniques originated in the aircraft industry in Britain at the start of World War II, and for the past decade have been spreading to other sectors of engineering. Its strength lies in the way it can harness experts in sectors of design engineering to work with its own qualified staff in gathering, sifting and preparing the data items.

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David Fishlock
Science Editor

Finance systems

NOBODY HAS a greater need for rapid, accurate and detailed information than the men who work the markets of the City of London and other major financial centres. Stockbrokers and "jobbers," commodity brokers, currency brokers, shipbrokers and underwriters depend for their livelihood on keeping abreast of rapidly changing market trends and circumstances.

Too often, the traditional methods used to disseminate information have failed under pressure, such as the time when the tape machines ran hours behind during the Great Crash on Wall Street. But, to-day, most of the major exchanges are installing highly-sophisticated and expensive computing systems to give their members more accurate information than their fathers would have dreamed of.

The Ariel system, set up for the London stock market five years ago, actually matches bids and deals in a number of the most popularly traded stocks, thus completely eliminating the role of jobber and broker.

Originally set up by 17 leading merchant banks and accepting houses, Ariel was designed, to complete direct deals between the major insurance companies and pension funds which buy and sell large blocks of shares. At the same time, it provides its customers with a running record of the prices being established for each share and the likely strength of the market for big blocks.

Other financial centres have much more impressive computer systems designed to give a full financial and information service as well as providing an

automatic market for shares. In Frankfurt, the Bourse has set up a system, which provides an industrial analysis service in addition to handling the share and bond accounting business. Using a list of share prices on other European and foreign exchanges provided by Reuters—over its own computer-controlled information network—the Frankfurt computer can print out a list of closing prices on more than 20,000 stocks by the next morning.

Expanded

This service is being expanded, with the help of the German economic newspaper *Handelsblatt*, into a full bank inquiry service on economic and industrial information. Any subscriber to the service can use his own computer terminal to obtain a print-out on the performance of the 25 key industrial sectors in 20 major markets. Thus a subscriber could inquire about the trends, profitability, growth, export record of the U.S. steel industry or the French shipbuilding business and receive a concise and almost instantaneous response.

The German markets, of which Frankfurt is the largest, are moving steadily and fairly quickly towards a system under which all bids and deals will be handled by computer. Since German shares are bearer bonds and are stored centrally—in Frankfurt at the Frankfurter Kassenverein—it is relatively straightforward to complete the accounting and transfer work centrally, through a computer.

In addition, the computer can, of course, rapidly produce a list of transactions completed and a report of the prices made for transmission to newspapers or bank terminals.

In Paris, the French Government has backed ambitious plans to convert the entire Bourse to computerised trading and information. The Paris market is divided into two sections, an odd-lot market of all the 4,500 or more securities on the market, known as the Comptant, and a smaller, specialised market which deals only in the 240 most popular shares.

Prices are set, as in Germany, by matching bid prices and selling offers until the market is cleared, without the intervention of jobbers. Thus, it is relatively easy to substitute a computer for the share specialist, who has the routine task of comparing two sets of prices and finding the point where buyers and sellers are in equal strength.

The French banks have also been enthusiastic about the use of computer terminals for direct access to the market. For some years, they have been able to obtain market price quotations over their terminals, but there was considerable opposition from the unions to the proposal that this should be linked into the exchange computer for use in bidding and dealing.

Despite the obvious opposition from many quarters—brokers and jobbers who faced a substantial loss of income were violently opposed to London's Ariel system—the speed and accuracy of modern computers makes it certain that most financial and commodity markets will become automated in time. The process of matching quantities bid for and quantities offered is a routine one, which an electronic system, properly programmed is well capable of handling. It cannot, perhaps, provide the intuitive skill of the jobber or underwriter who has to make an instinctive appraisal

of likely market trends, but in many financial markets it can provide the information on which to base those judgments.

The idea of a data bank, readily available at the touch of a key on a visual display terminal, providing a Lloyd's underwriter with the pattern of risks on an airline proposal may seem far-fetched. But in fact, such information banks are already widely used in the commercial environment, where many companies operate their order processing or their customer accounting on this sort of basis.

Clerical

Of course, the service is expensive: certainly more so than the filing cabinet where many market men may keep all documentary history and information that they need for their dealing. But the computer data bank can double as a clerical system, completing all the documentation and paperwork required in a financial institution—and that is an expensive overhead. Thus, the cost of the data may be paid for by the basic load of clerical work that the computer performs, with the market information and statistics provided free as a bonus.

Stock markets and commodity markets in Europe increasingly will find themselves in direct competition for business, as the Brussels Commission moves forward in its plans to harmonise capital rules and free capital movements. Clearly the quality and speed of the information available in each centre will be one of the factors to determine success.

James Ensor

Newsletters

CONTINUED FROM PREVIOUS PAGE

venture is called the "Company Directors Letter," which sells for £24 a year (£18 a year for the first year). It has a circulation of over 10,000 and aims to inform managers about current trends in business and how to solve problems of the day.

There are also letters on tax and insurance, property (both in the U.K. and in Europe) and investments. These range in price from £12.50 to £36 a year. Once again, specialists are chosen to edit and write the letters.

The biggest publisher of the information newsletter is the Financial Times. Its Syndication Department publishes nine newsletters on a variety of subjects. A typical one is called "Petromoney," a 20-page weekly news service which aims to give details of most of the news events that have been reported in various locations throughout the world, including Venezuela and Nigeria as well as the Middle East.

Other topics covered by FT newsletters include insurance, European law, North Sea oil and commodities. Subscriptions

prices vary between £50 to £100 per year depending, of course, on the frequency of publication.

Investment letters have been a legend since the days of the Great Crash. More recently, an American, George Schaeffer, almost single-handedly brought down gold shares in the midst of their recent boom by recommending to readers of his newsletter that they sell gold shares. Subsequently (and before his tragic death) he reversed his decision and recommended purchase of gold shares. The unfortunate incident proved again the power that some newsletter writers have in their field. Of course, over 32m. these Americans own shares so that there is plenty of scope for the talented writer to make a living writing investment letters. One of the most famous is James Dines, the gold bug, who has recently adopted the habit of holding conferences not only in the U.S. but in London too.

Three American expatriates publish letters from Europe:

Mr. Bob Beckman and Mr. David Fuller from London and Dr. Harry Schults from Amsterdam. The exercise is quite international. One of the shrewdest and most successful in the field is Mr. Fred Macaskill, who has cultivated an international readership from Johannesburg.

Many of these professional investment letter writers charge large sums for their services and do not need large subscriptions to earn a living. Some professional investors are luckier and get their investment letters free from their stockbrokers who have large investment research departments. In OF course, staff analysts give comments on market trends and different shares.

Finally, the letter market includes a handful of individuals who publish newsletters on diverse subjects varying from legal matters to money, food or tax. Most of these provide a service for individuals rather than corporations. But one exception is "Eurofood" the monthly newsletter published by Agra-Canadian Publications for £210 a year (£186 in the first year).

Diverse

The general market for newsletters, diverse as it is, has expanded greatly over the past few years, partly because of the entry of several publishers and the need for more readily accessible facts and opinions. Over the short-term, however, the market is likely to undergo some contraction. Newsletter subscriptions are probably high on the lists of expendable costs of most companies and people. Already one organisation has reported a 40 per cent. drop in subscriptions for the current year. Faced with rising charges, that kind of contraction of the market could be fatal for some of the smaller operators.

There are three factors that determine the success or failure of a newsletter: a comprehensive mailing list, the topic of the letter and the price. The key to success is the mailing list. And in the U.K. this is still a developing field, unlike in the U.S. where one can rent a list of dentists in Miami who may be interested in buying diamonds, or swimming pools or mist humbugs.

If, through the list, you can identify a large albeit specialist market, you are halfway to success. So, until lists become as sophisticated as in the U.S., newsletters are unlikely to reach a mass audience.

Roy Levine

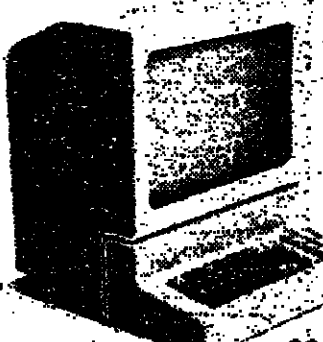
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Aluminium	12.50	0.10	0.80	12.50	12.50	12.50	12.50	0.00	100
British Steel	10.00	0.10	1.00	10.00	10.00	10.00	10.00	0.00	100
ICI	15.00	0.10	0.67	15.00	15.00	15.00	15.00	0.00	100
Imperial Chemical	12.00	0.10	0.83	12.00	12.00	12.00	12.00	0.00	100
Johnson & Johnson	18.00	0.10	0.56	18.00	18.00	18.00	18.00	0.00	100
Roche	14.00	0.10	0.71	14.00	14.00	14.00	14.00	0.00	100
Shell	11.00	0.10	0.91	11.00	11.00	11.00	11.00	0.00	100
Unilever	13.00	0.10	0.77	13.00	13.00	13.00	13.00	0.00	100
Wool & Silk	16.00	0.10	0.63	16.00	16.00	16.00	16.00	0.00	100
Woodward Clyde	17.00	0.10	0.59	17.00	17.00	17.00	17.00	0.00	100
Yates	19.00	0.10	0.53	19.00	19.00	19.00	19.00	0.00	100
Zenith	20.00	0.10	0.50	20.00	20.00	20.00	20.00	0.00	100
INSURANCE									
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Accident & Fire	12.50	0.10	0.80	12.50	12.50	12.50	12.50	0.00	100
Accident & Fire	12.50	0.10	0.80	12.50	12.50	12.50	12.50	0.00	100
Accident & Fire	12.50	0.10	0.80	12.50	12.50	12.50	12.50	0.00	100
Accident & Fire	12.50	0.10	0.80	12.50	12.50	12.50	12.50	0.00	100
Accident & Fire	12.50	0.10	0.80	12.50	12.50	12.50	12.50	0.00	100
Accident & Fire	12.50	0.10	0.80	12.50	12.50	12.50	12.50	0.00	100
Accident & Fire									

Government delays on pay powers

BY RICHARD EVANS, LOBBY CORRESPONDENT

TO THE confusion of MPs, notably those of Mr. Michael Foot, Secretary for Employment, to publish their reserve powers on the grounds of the Labour Party conference in the autumn, in order not to damage powers could inflame trade union prospects for the voluntary aspects of the Government's counter-inflation policy.

This was made clear in the Commons yesterday when Mr. Edward Short, the Lord President, refused to disclose when and in what form the legislation would be published.

The widespread understanding of MPs based on Parliamentary answers and on the Prime Minister's Press conference on the counter-inflation White Paper last Friday was that the powers would be published in some form this week, then held in reserve until required.

But Mr. Short, standing in for the Prime Minister during Mr. Wilson's absence at the EEC Summit in Brussels, told Mrs. Thatcher, Conservative leader, that the Government hoped it would not be necessary to publish the reserve powers at all.

After protests from Conservative MPs, Mrs. Thatcher decided to write to the Prime Minister demanding the powers should be published before the two-day Commons debate next week on the counter-inflation policy.

The Government is certain to come under increasing pressure from the Opposition, from some of its own back-benchers and the CBI to publish the terms of the Bill which is already in draft. But last night the response in Whitehall continued to be that no decision had yet been taken on timing.

Evidence

The position is likely to be clarified when Mr. Denis Healey, Chancellor of the Exchequer, speaks in the economic debate on Monday and spells out the broad purpose of the reserve powers.

There is evidence that the Government's thinking has changed since Friday when Mr. Wilson and Mr. Healey launched the White Paper. Presumably with the impact on foreign opinion foremost in their minds, they gave the clear impression that the Bill would be published this week.

Since then, other views.

U.S. GNP drops only 0.3% in quarter

BY PAUL LEWIS, U.S. EDITOR

THE AMERICAN economy's precipitous decline slowed sharply in the second quarter of this year, providing further support for the Ford Administration's belief that the recession has reached bottom and an upturn is on the way.

The Commerce Department announced this morning that real G.N.P. declined again for the sixth quarter in a row—but by only 0.3 per cent. after falls of 11.4 per cent. in the first quarter and 9 per cent. in the final three months of last year.

At the same time, the rate of inflation also slowed further as measured by the two main indicators. According to the new "chain" price index the annual rate fell from 7.5 per cent. in the first quarter to 5.5 per cent. in the second. The GNP deflator declined from 8.4 per cent. to 5.1 per cent.

Most of the decline in second quarter GNP stemmed from a further fall in business inventories and lower industrial investment. After declining \$37bn. in the first quarter, inven-

WASHINGTON, July 17. tory investment fell another \$14.5bn. in the second, while fixed investment was down \$2.3bn. compared with a first quarter fall of \$4.3bn.

However, consumer spending picked up markedly at the same time, and the Administration now hopes that inventories have fallen low enough to allow much of this stimulus to pass straight through into manufacturing industry. Retail sales rose 3.3 per cent. in real terms during the second quarter—the first upturn since late 1973. June has already brought a rise in the industrial output index.

Although consumer spending accelerated in the second quarter, tax rebates and a special rate relief from the payment also produced an exceptional \$3.3bn. rise in personal disposable income, which may further increase consumer confidence.

As a result of these one-time pay-

'Staff paid more than Sir Monty'

By Harold Bolter, Industrial Editor

THE PRIME MINISTER is expected to make an early statement on the salaries of the chairman and Board members of the nationalised industries, some of whom are being paid less than people junior to them.

It is believed, for example, that there are three non-Board members employed by the British Steel Corporation who get more than the chairman, Sir Monty Finniston, whose gross pay is £25,100.

This situation has arisen because their salaries are within Sir Monty's control, while his own—and that of his Board members—is a responsibility of Government.

The general problem of the distortion caused by the Government deferring consideration of the salaries of the chairman and Board members in the State-owned concerns was pointed out by Mr. Richard Marsh, British Rail's chairman, yesterday.

Some of the officers employed in these industries are now getting considerably more pay than the Board members who control them—that is the problem," Mr. Marsh said.

But he denied reports that he had asked Mr. Wilson for a 28 per cent rise in a letter sent last week. All he had done, Mr. Marsh said, was to remind the Prime Minister that it is now seven months since he deferred consideration of the salaries of nationalised industry chairmen and Board members.

Mr. Marsh described these reports as "a crude and amateurish attempt by someone to divert attention from Mr. Wilson's pay increases."

Nevertheless, there is some dissatisfaction among the nationalised industries' chairmen that their salaries have been frozen for two-and-a-half years, while MPs, judges, civil servants and high-ranking army officers have had increases.

In December, the Prime Minister refused to endorse in full the recommendations of the Boyle Committee on top salaries, which would have given the chairmen of some State concerns salaries of between £35,000 and £40,000.

For Sir Monty Finniston and Sir William Ryland, of the Post Office, this would mean increases of around £12,000.

Ministers rally to Prentice

By John Bourne, Lobby Editor

TWELVE SENIOR Ministers, just over half the Cabinet, have added their signatures to the letter to officers of North-East Newham Constituency Labour Party urging them to consider the "damaging effect" on the whole Labour movement of any decision to oust their MP, Mr. Reg Prentice, the Minister for Overseas Development.

And yesterday Mr. Prentice warned the movement that extreme Left-wingers would destroy the Labour Party if they succeeded in ousting him from Newham next week. In a BBC radio interview he said their success would be "very dangerous" for other constituencies.

"I have had good friendly relationships with the great majority of the members of the Labour Party for 18 years since I have been an MP. In the last two or three years a new group of people have come in who are natural conspirators. They are very extreme Left-wingers, hard-line people who haven't wanted to talk to me."

Mr. Prentice alleged they were trying to "change the whole character of the party."

Over 170 sign

The 12 extra signatures of Ministers were posted to the Northern Ireland Secretary, Mr. Ian Paisley, and the Secretary of State for Northern Ireland, Mr. Peter Brooke. They are those of Mr. Edward Short, Lord President of the Council and Deputy Leader of the Labour Party; Mr. James Callaghan, the Foreign and Commonwealth Secretary; and the party's treasurer, Mr. Roy Jenkins, the Home Secretary.

Mr. Anthony Crosland, the Environment Secretary; Mr. Harold Lever, Chancellor of the Duchy of Lancaster; Mr. Shirley Williams, the Prices Secretary; Mr. Fred Peart, Minister of Agriculture; Mr. Roy Mason, the Defence Secretary; Mr. Merlyn Rees, the Secretary of State for Wales; Mr. John Morris, the Welsh Secretary; Mr. Bob Mellish, the Chief Whip; and Mr. Eric Varley, the Industry Secretary.

This means more than 170 Labour MPs—over half the membership of the Parliament—have signed the letter, which defends the position of Mr. Prentice as a Minister and a loyal member of the Labour Party. The signatories include over 30 junior Ministers.

Politics to-day, Page 17

ATT notes placed with Saudis

BY JAY PALMER

NEW YORK, July 17.

AMERICAN Telephone and Telegraph this morning said it has just completed a private debt placement directly with the Saudi Arabian Government.

The sale of \$100m. of six-year notes, arranged through First Boston, and carrying an interest rate of 8.4 per cent. is believed to be the first occasion the Saudis have ever directly purchased corporate debt.

At the same time, and leaving aside rumours that the Saudis were heavy buyers of the recent General Motors debenture issue in New York, this is believed to be one of the first times an European or American company has even indirectly tapped this source of Arab financing.

Although Saudi Arabia, since the sharp increase in oil revenues, has been a buyer of Western Government and semi-Government issues, they have, until now, stayed out of the corporate markets in their own name.

Wall Street dealers this morning said that this once-categorical policy was changed two months ago when the Saudis let the word out that they might be interested in corporate securities.

While Saudi officials in New York and Washington would not confirm this policy change, their

interest is apparently being limited to only triple-A credit-rated companies for the moment.

At the same time, they are understood to have "a preference" for seven to eight-year maturity for company debt against a willingness to buy Government securities dated over ten years.

According to several New York investment banks, the Saudis have also let it be known they are not willing to buy the debt of any of the U.S. oil companies.

While other private placement negotiations with the Saudi Government are now understood to be underway, these restrictions work to put any great rush to tap this source of financing.

Nevertheless, a few companies with lower credit-ratings are understood to be preparing for the day that the Saudis are willing to talk.

News of the AT and T debt sale has sparked off speculation that Saudi Arabia may have received a strong hint that the U.S. withholding tax may be eliminated sooner than otherwise expected.

Political moves to remove this tax, which cuts the effective Saudi return on the AT and T debt to 5.0 per cent., have been bogged down in Congress.

Bank's adviser talks with institutions

BY STEWART FLEMING

THE PROBLEMS of identifying and existing city are taking in the City are evidently stimulating a vigorous debate within the institutional groups who see that some of the issues Sir Henry is raising touch closely on their own activities and their relationship with the Government.

Their experience of the Bank of England's pressure for institutional investment funds to be put into loan stock issued by Finance for Industry, coupled with an awareness of the potential financing requirements of the National Enterprise Board, is encouraging some institutions to take seriously the prospect of statutory direction of funds by the Government.

How to meet this challenge if it emerges, and also how to supply equity finance to companies who may not be able to raise it on the Stock Exchange, are subjects of active debate. There have been, for example, high level discussions concerning the establishment of a City-based financial institution which might be seen as a private sector rival to the NEB.

One of the main points being emphasised yesterday is that the Bank of England will be moving with extreme caution in any new moves in this area. In 1972, the Bank publicly announced an initiative designed to encourage institutional investors to play a more active role in promoting investment in British industry. But this initiative foundered, following objections put forward by the British Insurance Association. Clearly the Bank will be determined to avoid a repetition of these events.

While the Bank's policy may be expected to evolve slowly,

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Management contest won by Littlewoods four

BY MICHAEL DIXON

THE 1975 U.K. management champions are the Littlewoods Organisation of Liverpool. The four-man team, whose paper "consumers' data bank" company finished with a profit of \$5.71m. was awarded the £500 prize and the Financial Times rose-howl at the Guildhall, London, last night.

Second in the computer-based contest—which started in January with 850 teams—were two mid-size companies, the Duncans and the Smiths from Harrow, playing under the team name of Misery.

The couples, who are in-laws, managed to lift their profit in the closing stages of the game to £4.51m. beating even more from NCB (Cost Products) into third place by just \$3,240.

Fourth and last in the final came three chartered accountants from the Aylesbury office of Thornton Baker. After leading, they fell away amid fierce same price-cutting competition to finish with a profit of only \$4,06m.

The winning team has been asked to represent the U.K. in an international contest in Paris next month. Their opponents will be players from Denmark, Holland, Ireland and Zambia.

After presenting the prizes, Mr. Edward Heath announced plans to develop the National Management Game—which has been sponsored annually since 1970 by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales—into part of a fully-co-ordinated European competition.

Mr. Heath, who described the National Management Game as a "remarkable success story," called on the political parties to agree on a common policy which would enable British industry to compete with overseas companies on a stable basis.

It was also disclosed that the Confederation of British Industry and the Institute of Directors are to become associate sponsors of the National Management Game from next year.

Picture, Page 8

Continued from Page 1

Portugal

apparently fearing violence against its members and possibly the beginnings of an organised counter coup, are mobilising workers and Communist militants for popular vigilance in factories and offices around the country.

There could be some ugly scenes in Oporto towards the end of this week as first the PPD and then the Socialists hold large rallies in the Northern town.

Meanwhile the AFM is increasingly worried about the situation not only in war-torn Angola, where some calm has returned, but in the Azores, where reports of intensification of pro-independence parties' activities are leading to general unrest.

The AFM would be virtually powerless to stop the islands from unilaterally declaring their independence, since all Portuguese troops on the islands are recruited from among local people.

Barker and Dobson reports

£3.8m. loss

BY DAVID BELL

BARKER AND DOBSON, the confectionery and food group, which last month said that it had found "inaccuracies" in its accounts, yesterday reported losses and write-offs amounting to some £3.8m.

In the past year four directors, including Mr. W. McPhail, the former chairman, have left the Board and the company said yesterday that a number of executive staff have been replaced, following a £1.3m. loss on the company's chain of 130 Oakeshott's grocers' shops.

Nearly half of this loss was caused, said the company, by too high a level of promotions and a further £200,000 was accounted for by what are described as "excessive warehouse stock losses." Investigation of these losses is still going on.

Company Statement Page 19

THE LEX COLUMN

The great 1975 gilt rush

Index fell 11.1 to 296.8

Precedents like the issue of £100m. Electricity 3 per cent. back in 1948 were being put forward last night, but there is no doubt that the virtual sellout of the 13½ per cent. Treasury loan, dated 1997—the tap that never was—is a quite extraordinary event. The staging of local authority issues is normal enough, and although there was a massive oversubscription for the £10 paid Derby stock yesterday, but brokers cannot remember when quite so many bargain hunters moved into gilt-edged.

The presence of speculative money on this scale, and the absence of a formal official tap, could make for tricky conditions when dealings open this morning. The market is hoping that the Government Broker will not launch the next tap as soon as this afternoon, but there are some nervous glances at the long medium area, and thoughts about an ultra-long.

Institutional pockets have now been emptied of some £1.2bn. in a fortnight. It's amazing what a White Paper can do.

Distillers

Distillers' 1974-75 figures are startlingly out of line with both its own and the market's forecasts, and its explanations so far are inadequate. In December, the group reported that although profits after six months were \$5.5m. higher, the figures for the year ending March would be broadly unchanged. That seemed a major disappointment—but in the event, overall profits are actually \$13.1m. lower at \$71m. pre-tax after a decline of roughly two-fifths in the second six months.

Distillers points out that stock building in the U.S. ahead of a threatened dock strike preempted a substantial volume of export shipments in the third quarter, and it says that the business recession crushed the expected restocking phase during the final three months. The puzzle is that although withdrawals from bond were 13 per cent. down in the U.S. during January-March, export shipments for the industry were actually a shade higher. But Distillers—which represents over half the industry—says that its shipments were well down in the period.

Meanwhile its interest charges have jumped by \$2m. to \$11m. to suspend dealings as a result of nearly all the rise coming of the second half. The last of 1,500 securities valued at well

balance sheet contained net cash of \$5.8m., but short-term borrowings could account for over one-third of the latest interest debt.

The dividend is still well covered, and although there is an ACT problem, it has gone up by the maximum. So the shares yield 7 per cent., which is almost on a par with the browns. But having been badly caught out by two succeeding sets of figures, the market has every reason to be cautious about a capitalisation of \$430m.

See also Page 20

Preference shares

The Inland Revenue is "thinking" about the situation—but others were thrown into more violent action by a letter in yesterday's F.T. discussing a High Court judgment on the question of preference dividends. Following the introduction of advance corporation tax, it was ruled that preference payments should be netted down at the ACT rate appropriate to income tax at the then rate of

30 per cent. When the basic tax rate rose, the Revenue said that the net payment should remain unchanged: so a 10p gross dividend became 10.77p at the current rate of ACT. In effect, preference dividends became free of tax in excess of 30 per cent.

Now, it seems, a court decision on the question of Sime Darby London's preferred shares has rejected this interpretation. No transfers are apparently available yet, and a letter in to-day's paper points out that the situation is still very uncertain. However, one sizeable unit trust has decided to suspend dealings as a result of the report. This is a market count was about a quarter.

See also Page 20

Scottish & Newcastle

Scottish and Newcastle's £21m. rights issue, its third in 13 years, but it is one of the few brewers which can reasonably justify such a move. It has a smaller involvement in the currently hard-pressed wines and spirits and retail beer areas than most of the other majors while its long-term profits record has also been above average. Profits have fallen slightly over the past two years—dropping by 4.5 per cent. in 1974-75—but there was a rise of over a tenth in the second six months.

In the current year, hotels are expected to become profitable, while beer volume is so far over 5 per cent. up—by comparison with a period affected by shortages—though the longer run expansion in the free trade (about three-quarters of beer sales) may be slower than in the recent past. The group's return on capital employed is 12.75 per cent. and the company has major plans for spending on its packaging and distribution network. Nevertheless, the shares fell 5p from the 53p of Wednesday evening when the discount was about a quarter.

See also Page 20

Planned accomplishment

in low cost housing

Fairview continues to be one of the foremost house builders in the residential sector and is making an ever-increasing contribution towards the urgent need for new homes in London and the Home Counties.

Our commitment to a policy of producing low cost housing in London and the Commuter Belt but still within the financial limitations of first time buyers has certainly been vindicated. This is evidenced by the fact that even in today's climate of unprecedented difficulties, we are continuing to produce and sell our homes at a most gratifying rate resulting from the first class value they represent at our current sales prices.

This ever-increasing aspiration to home ownership

is an encouraging endorsement of today's awareness that the security of one's own home provides also an investment which protects and safeguards against the effects of inflation so evident today.

These ever-appreciating trends ensure continuing demand from families seeking their first home, for the high standard, low cost housing produced by Fairview.

Consequently, we would strongly urge any would-be purchaser seeking a new home to contact our Sales Department soon, before the pressures of inflation and greater demand precipitate higher prices.

Fairview Estates Limited, Enfield, Middlesex. Telephone: 01-366 1271.

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Weather

U.K. TO-DAY

SUNNY with scattered showers in S.E. England; cloud and rain in West.

London, S.E. E. England, E. Anglia

Sunny, scattered showers. Wind W., light. Max. 23C (72F).

Cent. S., N.W. Cent. N., N.E. England, Midlands E. and W. Channel I.

Dry, sunny. Wind W., light. Max. 23C (72F).

S.W. England, S. Wales

Sunny, perhaps rain later. Wind S.W., light. Max. 20C (68F).

Business Centres

Y-day

Y-day

Y-day

Y-day

Y-day

Y-day

N. Wales, I. of Man

Sunny, rain later. Wind S.W., light. Max. 18C (64F).

Lakes, Border, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth

Dry, sunny. Wind S.W., light. Max. 18C (64F).